

PineStone 鼎石

Pinestone Capital Limited

鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

(Stock Code 股份代號 : 804)



2025
ANNUAL REPORT
年報

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Corporate Information

Board of Directors (The “Board”)

Chairman

Mr. Zhu Zheping (redesignated to Co-Chairman on 26 February 2025 and retired on 30 May 2025)
 Mr. Lee Chun Tung (appointed on 2 June 2025 and redesignated to Co-Chairman on 23 October 2025)

Co-Chairmen

Mr. Lee Chun Tung (redesignated on 23 October 2025)
 Mr. Lu Weixing (appointed on 23 October 2025)
 Mr. Shi Zhu (appointed on 26 February 2025 and retired on 30 May 2025)[<]

Executive Directors

Mr. Lee Chun Tung
 Miss Cheung Ka Yi (appointed on 2 June 2025)
 Mr. Wang Han (appointed on 2 June 2025)[#]
 Mr. Zhu Zheping (retired on 30 May 2025)
 Ms. Liu Yundi (resigned on 30 May 2025)
 Mr. Li Dapeng (resigned on 10 January 2025)[@]

Non-Executive Directors

Mr. Lau Chun Hung
 Mr. Lu Weixing (appointed on 23 October 2025)
 Mr. Lu Lin (appointed on 23 October 2025)
 Mr. Shi Zhu (retired on 30 May 2025)[<]

Independent Non-Executive Directors

Mr. Lau Kelly
 Mr. Wong Chun Peng Stewart
 Mr. Cheng Man Pan
 Ms. Jiang Tiancui (appointed on 23 October 2025)

Audit Committee

Mr. Cheng Man Pan (*Chairman*)
 Mr. Lau Kelly
 Mr. Wong Chun Peng Stewart

Nomination Committee

Mr. Lau Kelly (*Chairman*)
 Mr. Wong Chun Peng Stewart
 Mr. Cheng Man Pan
 Miss Cheung Ka Yi* (joined as member on 6 March 2026)

Remuneration Committee

Mr. Cheng Man Pan (*Chairman*)
 Mr. Lau Kelly
 Mr. Wong Chun Peng Stewart

Company Secretary

Mr. Au Kin Kee Kinson *ACG HKACG*
 Mr. Choi Pun Lap *FCCA* (removed on 17 April 2025)

Authorised Representatives

Mr. Lee Chun Tung
 Mr. Lau Chun Hung

Trading Stock Code

804

Registered Office

Windward 3, Regatta Office Park
 PO Box 1350
 Grand Cayman, KY1-1108
 Cayman Islands

Headquarter and Principal Place of Business in Hong Kong

Room 1608, 16/F.,
 Nan Fung Tower
 88 Connaught Road Central, Central
 Hong Kong

Hong Kong Branch Share Registrar & Transfer Office

Tricor Investor Services Limited
 17/F, Far East Finance Centre
 16 Harcourt Road
 Hong Kong

Principal Banker

Bank of China (Hong Kong) Limited
 2/F, Wing On House
 71 Des Voeux Road Central
 Hong Kong

Auditor

BDO Limited
Certified Public Accountants
 25th Floor Wing On Centre
 111 Connaught Road Central
 Hong Kong

Solicitors

S.Y. Wong & Co
 Room 1207, 12/F,
 Harcourt House,
 39, Gloucester Road,
 Wanchai,
 Hong Kong

Company’s Website

www.pinestone.com.hk

[@] resigned vice-Chairman and an executive Director on 10 January 2025

[#] appointed as Chief Executive Officer on 2 June 2025

[<] suspended duties as Co-Chairman and a non-executive Director from 9 April 2025

Executive Director's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Pinestone Capital Limited (the "Company"), I am pleased to present to you details of the Company's (together with its subsidiaries, the "Group") annual performance and business development for the year ended 31 December 2025 (the "Year").

Review

In 2025, the Hong Kong stock market experienced a modest recovery. The Hang Seng Index increased by 5,570 points, or approximately 28%, to close at 25,630 points on 31 December 2025. Market sentiment and capital-raising activities also improved, supported by eight mega IPOs, including four of the world's ten largest, the Hong Kong Stock Exchange won back the top position for IPO funds raised in 2025.

Outlook

Looking ahead 2026, the performance of both Hong Kong and China stock markets looks optimistic. Despite the fact the geopolitical tensions, the military war between Iran and the US with Israel, surge of oil price and the US reciprocal tariffs effects remain intact globally, the political position of Hong Kong has marked its importance as a 'super connector' between China and the Western countries. As an international financial center without intervention for the freeflow of money with advanced infrastructure and a thriving talent pool, Hong Kong naturally becomes the preferred choice for companies to setup a regional office or to be listed on the Hong Kong Stock Exchange. The US fiscal policy of lowering interest rates and depreciating the US dollar, diverging from other US assets, along with China's economic reforms and its enterprises going global, are driving forces for the Hong Kong stock market. As China begins to implement the 15th Five-Year Plan, emphasizing technological self-reliance as a strategic priority, it is anticipated that new technology reform and a list of initial public offerings (IPOs) will continue to grow steadily with potential increases in market liquidity.

In parallel with the overall market, the Group will continue to strengthen its business mix and execution. The Group will continue to manage our lending portfolios, balancing risk and return. The company will also seek to improve its market positioning and maintain a healthy financial position. The Group deployed approximately HK\$50.0 million of the net proceeds from the placing to expand its margin financing and money lending services. This additional capital will increase the company's revenue by building on the strong growth in interest income from margin financing and money lending services. The company will adopt a cautious approach when exploring new businesses or services, while focusing on diversifying its offerings.

The Company will continue to pursue strategic growth initiatives by exploring opportunities in the virtual asset and distressed asset industry, including the potential uplift of its virtual asset service provider licence, and by expanding into the receivables collection and distressed asset disposal sector in the PRC through the proposed acquisition of target companies principally engaged in such business. At the same time, the Company will focus on enhancing operational efficiency and strengthening client relationships through customer-centric service and innovative solutions, with the aim of reinforcing its market position and supporting sustainable long-term growth.

Last but not least, I would like to take this opportunity to express my sincere gratitude to the Group's shareholders, business partners, clients, and our management and staff members for their continuous support.

By Order of the Board

Mr. Lee Chun Tung

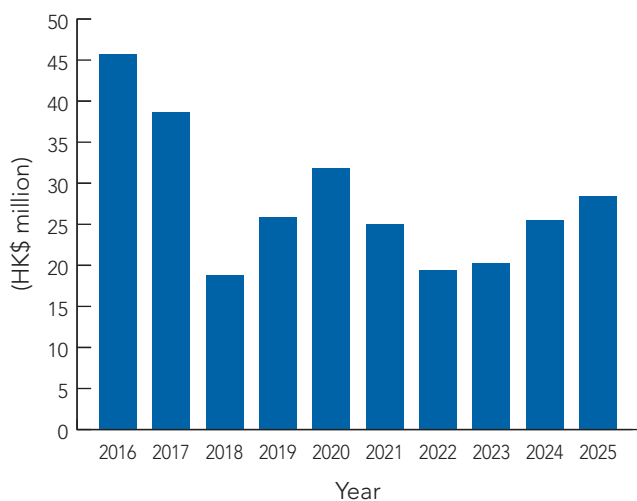
Executive Director

Hong Kong, 27 March 2026

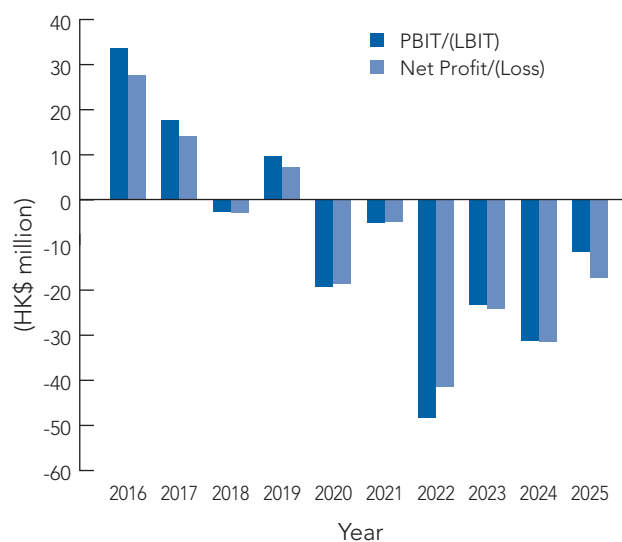
Corporate Milestone

1. On 12 June 2015, the share of the Company was successfully listed on GEM of the Stock Exchange by placing 120 million shares at HK\$0.50 each.
2. On 2 June 2016, the Company issued a total of 110,000,000 ordinary shares at HK\$0.55 each by the way of placing to raise fund by approximately HK\$60.5 million as to strengthen the Company's financial position.
3. On 8 June 2017, the Company successfully transferred its shares to the Main Board of the Stock Exchange.
4. On 21 December 2017, the Company redeemed the 5% coupons bonds issued in 2015 with a principal amount of HK\$10,000,000 in full.
5. In 2019, the Company turned around from its net loss in 2018 and reported a net profit of approximately HK\$7.2 million.
6. In 2021, the Company had relocated its headquarter to Room 1807, 18/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.
7. In 2022, the Company exploited and extended the scope of its Money-Lending Services.
8. In 2023, the Company successfully raised approximately HK\$29.95 million from a 1-to-2 rights issue @ HK\$0.225 per rights share.
9. In December 2024, the Company proposed a maximum of a total of 81,210,000 Placing Shares at HK\$0.176 per Placing Share to raise approximately HK\$14.1 million after expenses.
10. In July 2025, the Company had relocated its headquarter to Room 1608, 16/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong. In August 2025, the Company made a Share Consolidation under which every twenty (20) Existing Shares in the issued and unissued share capital were consolidated into one (1) Consolidated Share. Following the Share Consolidation, the Company successfully raised HK\$60.5 million after expenses on the basis of three (3) Rights Share for every (2) Consolidated Shares at the price of HK\$1.66 per Rights Share in October 2025.

Revenues



PBIT/LBIT and Net Profit/(Loss)



Management Discussion and Analysis

Background

Established in 2015, the Group is a renowned Hong Kong based financial institution providing a wide range of bespoke financial services including (i) securities brokerage, (ii) securities-backed lending and (iii) placing and underwriting businesses. On 12 June 2015, the Company was listed on GEM of the Stock Exchange (the "Listing") by way of placing (the "Placing"). On 8 June 2017, the Company successfully transferred to list on the Main Board of the Stock Exchange. In 2023, the Company exploited and extended the scope of its money lending services (the "Money Lending Services") from securities-backed lending services to other secured lending services. In September 2025, the Company unveiled to leverage its financial expertise and capitalize the market opportunities to exploit other financial services including distressed asset disposal market.

During the years, we recognised commission income from our securities brokerage services, interest income from our securities-backed lending services, money lending services as well as income from placing and underwriting services since its debut.

Financial Highlights

Year ended 31 December (HK\$'000)	2024 vs 2025		2025
	2024	Percentage	
Revenue	25,500	12%	28,435
Loss before Income Tax	(31,289)	(63%)	(11,531)
Net Loss	(31,666)	(45%)	(17,338)
Loss per Share (H.K. cents)	(106.16)	(59%)	(43.18)
Total Assets	154,872	35%	208,862
Total Equity	138,372	41%	195,655
Key Performance Indices			
Net Loss Margin (%)	(124.2)		(61.0)
Return on Equity (%)	(22.9)		(8.9)
Return on Total Assets (%)	(20.4)		(8.3)
Current Ratio (Times)	8.21		15.13
Gearing Ratio (Times) [#]	–		0.01

[#] Long-term debts (including non-current lease liabilities) over total equity

For the year ended 31 December 2025, the Group's revenue amounted to a total of approximately HK\$28.4 million, representing an increase of approximately 11% compared to approximately HK\$25.5 million in 2024. The increment was mostly attributable to a notable increase in fee income and agency fees of approximately HK\$12.3 million from placing and underwriting services (including both bonds and stocks) as compared to HK\$6.9 million fee income in 2024.

Commission income from the securities brokerage services doubled to approximately HK\$1.0 million in 2025, compared to HK\$0.5 million for the year ended 31 December 2024. The total amount of income generated from securities-backed lending services decreased to approximately HK\$15.0 million, which is approximately 15% less than the amount of HK\$17.7 million recorded in 2024. For the year ended 31 December 2025, interest income from margin financing services decreased by approximately HK\$3.8 million or about 32% to approximately HK\$8.1 million (2024: HK\$11.9 million), while interest income for money lending and other lending services increased by approximately HK\$1.0 million or about 17% to approximately HK\$6.9 million (2024: HK\$5.9 million).

Management Discussion and Analysis

For the year ended 31 December 2025, loss before income tax was approximately HK\$11.5 million, compared to a loss before income tax of approximately HK\$31.3 million in 2024. The net loss for the year ended 31 December 2025 was HK\$17.3 million, representing an approximately 45% decrease compared to a net loss of HK\$31.7 million in 2024. The net loss was primarily due to the write-off of trade and loans receivables totaling approximately HK\$1.8 million and impairment losses of approximately HK\$9.9 million, totaling approximately HK\$11.7 million during the year 2025 (2024: HK\$37.1 million) related to securities-backed lending services. The net loss was also attributable to an increase in other operating expenses to HK\$19.4 million for the year ended 31 December 2025 (2024: HK\$11.7 million) and a reassessment of previously recognised deferred tax of HK\$5.8 million.

Basic loss per share was HK\$43.18 cents for the year ended 31 December 2025, compared to basic loss per share of HK\$106.16 cents (restated) for the year ended 31 December 2024.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2025.

Market Review

US President Donald Trump's "Liberation Day" on reciprocal tariff policy, which imposes high tariffs as a unilateral weapon on nations worldwide, has shocked the world and created unprecedentedly uncertainties. Even though President Trump was prevented from using International Emergency Economic Power Act to levy tariffs by the US Supreme Court. President Trump swiftly responded by using another Trade Act of 1974 on imposing a 15% tariff on all countries. The military action of the US and Israel against Iran has killed thousands of people and caused oil prices to rise sharply. He has created and generated more policies that has escalated geopolitical tensions and created uncertainty. His policies also raised investor concerns that improper interest rate cuts could fuel inflation, potentially eroding the appeal of US dollar denominated assets and the mounting of huge US debt. All these unpredictable national policies and events have led investors to mitigate or rebalance risks by looking for investments globally. In March 2026, China unveiled its 15th Five-Year Plan (2026-2030) (the "Plan") setting out its blueprint for economic and social development over the next five years. The Plan focuses on high-quality development, prioritising technological self-reliance (AI+), boosting consumer demand, encouraging a green economy and ensuring secure development. The Plan further strengthens the 'One Country, Two Systems' principle by consolidating Hong Kong as an international financial, shipping, and trade centre while promoting the internationalization of renminbi ("RMB"), and helping to develop China as a financial power nation while integrating it into the broader national development framework. These unforeseen events, geopolitical concerns, along with the economic growth and the revival of the local property market have all attracted investors with optimistic outlook to the Hong Kong market, which serves as a gateway and connection between China and the rest of the world.

In 2025, the Hang Seng Index recorded an increase rising about 5,571 points, or approximately 28%, to close at 25,631 at the year end. The Hang Seng Index made its first recovery in two consecutive years following a four-year losing streak. The volume of initial public offerings (IPOs) was 119 in 2025 as opposed to 71 in 2024. Hong Kong was ranked as the top global IPO venue by funds raised, hosting four of the world's top 10 IPOs of 2025.

The Group's performance has demonstrated certain improvement align with that of the Hong Kong Stock Market. In 2025, the Group's revenue amounted to a total of approximately HK\$28.4 million, representing an increase of approximately 11% compared to approximately HK\$25.5 million in 2024. However, impairment losses on trade and loan receivables and bad debts written down totaling approximately HK\$11.7 million during the period caused setbacks to the Group's bottom line.

The Group will consolidate and differentiate its service offerings by providing a broader range of services and managing risks carefully in light of the global geopolitical tensions, stock market volatility, and fluctuation. This strategy seeks to strengthen the Group's competitive advantage by adjusting to changes in the market and guaranteeing careful risk management. We can better support growth initiatives by reallocating resources and take advantage of new opportunities.

Management Discussion and Analysis

Business Review

Securities Brokerage Services

In 2025, our securities brokerage services have shown signs of recovery in line with the overall performance of the Hong Kong Stock Market. In 2025, total transaction values of our brokerage services were HK\$870.3 million, up 129% compared to total transaction values of HK\$379.3 million in 2024. For the year ended 31 December 2025, commission income from our securities brokerage services was approximately doubled at HK\$1.0 million as compared to approximately HK\$0.5 million for the year ended 31 December 2024. During the reporting period, the Group has striven to grow its clientele in order to explore more business opportunities and reduce the risks associated with business concentration on a small number of clients. As at 31 December 2025, the Group had 201 active securities accounts as reported pursuant to SFO (31 December 2024: 149 active securities accounts).

Securities-backed lending Services

Securities-backed lending services, as our key driver and focus, are composed of two major businesses; (i) margin financing; (ii) money lending and other secured lending services. Interest income from securities-backed lending services for the year ended 31 December 2025 marked a decrease of approximately 15% to HK\$15.0 million, compared to approximately HK\$17.7 million in 2024. Our business of securities-backed lending services continued to contribute significantly to the Group despite a minor set-back as risk-reward rebalanced.

In 2025, interest income from margin financing services decreased by HK\$3.8 million or approximately 32% to HK\$8.1 million (2024: HK\$11.9 million) while money lending services increased by approximately HK\$1.0 million or approximately 17% to approximately HK\$6.9 million in 2025 compared to HK\$5.9 million in 2024.

Breakdown of concentration of loans with major borrowers

The Group has avoided relying on an individual or substantial client concentration of its borrowers. As of 31 December 2025, our largest borrower in the securities-backed lending segment had outstanding receivables of approximately HK\$21.1 million (31 December 2024: HK\$20.1 million), accounting for approximately 16% (2024: 13%) of the Group's total trade and loan receivables. As of 31 December 2025, the five largest borrowers (in aggregation with loans granted to persons connected with each of them, if any) had outstanding receivables of approximately HK\$87.4 million (2024: HK\$91.8 million), representing approximately 67% (2024: 61%) of the Group's total trade and loan receivables as at 31 December 2024.

Securities-backed lending services are categorized into margin financing and money lending and other money lending services respectively.

(A) *Margin Financing*

The Company receives interest income from our margin financing services as we lend money to our margin financing clients. Before we can offer our margin clients any margin facilities, they must complete the required credit assessment procedures, account openings and KYC processes and deposit an adequate amount of cash or collaterals. The Group would provide these investors with a margin facility individually, allowing them to leverage their investments with expected higher returns. For margin financing services, there is no fixed term of repayment for trade receivables while the term to maturity of the loan receivables ranges from approximately 5 months to 1 year. The interest rates of the aforementioned receivables range from approximately 8% to 35% per annum.

Management Discussion and Analysis

The Company receives interest income from our margin financing services as we lend money to our margin financing clients. Before we can offer our margin clients any margin facilities, they must complete the required credit assessment procedures, account openings and KYC processes and deposit an adequate amount of cash or collaterals. The Group would provide these investors with a margin facility individually, allowing them to leverage their investments with expected higher returns. For margin financing services, there is no fixed term of repayment for trade receivables while the term to maturity of the loan receivables ranges from approximately 5 months to 1 year. The interest rates of the aforementioned receivables range from approximately 12% to 23% per annum.

In 2025, interest income from our margin financing services decreased to approximately HK\$8.1 million, representing a decrease of approximately 32% from approximately HK\$11.9 million in 2024. Even if the overall Hang Seng Index as a whole increased by approximately 5,570 points or roughly 28% in 2025, the performance of most of the second-liners remained subdued or fluctuated widely. Thus, Company has decided to take a conservative approach and become more risk averse on providing margin financing. The Company has carefully examined the collateral, trading history, and repayment records before offering financings to its margin clients. The Company adopted the ECL model to provide provisions for clients with slow moving margin shortfalls.

During the year 2025, an amount of HK\$5.5 million impairment provision have been provided for five margin financing clients. Four of these margin financing clients were recognised as entering the stage 2 of the ECL model with 15% impairment losses being adopted. These four clients have paid interests but not yet settled with the margin shortfalls. The remaining client had foreclosed on disposing of his collateral with 100% impairment loss being adopted. Due to the increasing demand of the Stock Market activities, the Group recorded total trade receivables of approximately HK\$102.2 million as at 31 December 2025 representing an increase of approximately 33% from total trade receivables or approximately HK\$76.8 million as at 31 December 2024.

	HK\$'million
Gross carrying amount of trade receivables from margin clients as at 31 December 2023	156.8
Amount written off in 2024	(54.0)
Movements of trade receivables for the year	(26.0)
Gross carrying amount of trade receivables from margin clients as at 31 December 2024	76.8
Amount written off in 2025	(17.7)
Movements of trade receivables for the year 2025	43.1
Gross carrying amount of trade receivables from margin clients as as at 31 December 2025	102.2

(B) Money Lending and Other Secured Lending

The Group holds a money lender licence in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities including money lending and other secured lending services to clients. Listed securities, non-listed securities, properties, or other valuable assets can all be used as collateral. Through Pinestone Capital Group Limited ("PCGL"), a wholly owned subsidiary of the Company, the Group receives interest revenue from the provision of such loan facilities.

Management Discussion and Analysis

We offer money lending and other secured lending services to corporate and individual borrowers. While listed securities are pledged as collaterals for money lending, other assets or non-listed securities are pledged by our clients for other secured lending services. In 2025, the Group recognized interest income of approximately HK\$7.5 million from money lending and other secured lending services, representing an increase of HK\$1.6 million or approximately 27% as compared to HK\$5.9 million in 2024. As at 31 December 2025, the Group lent out 5 loans (31 December 2024: 8 loans) with size ranging from HK\$3.0 million to HK\$16.5 million, respectively. During the reporting period, the Group demanded termination of a loan for a corporate borrower, resulting in its cancellation. Among these 5 loans, 2 loans had already been redeemed in the 1st quarter of 2026. Each loan carries an annual interest rate ranging from approximately 12% to 34.8% per year. Also, two loans were written off during the year due to bankruptcy of two borrowers.

Incident with Capital Realm Financial Holdings Limited

On 10 December 2024, PCGL (the “**lender**”), a subsidiary of the Company, entered into a loan agreement with Capital Realm Financial Holdings Group Limited, (the “**borrower**”) to grant a loan of a maximum of HK\$17,800,000 at an interest rate of 24% for a term of 12 months. In accordance with the terms of the agreement, the borrower drew down a loan totaling HK\$6,200,000 in mid-January 2025. To the best of the Directors’ knowledge, information and beliefs, and having made all reasonable enquiries with the Borrower, it is an independent third party of the Company.

However, prior to the signing of the loan agreement on 4 December 2024, the borrower purchased 26,135,000 shares, representing approximately 10.13% issued share capital of the Company. At this point, the borrower was already deemed to be a substantial shareholder of the Company. At the time of signing the loan agreement, the borrower did not declare and mention its share purchase activities or shareholding status. Between December 2024 and March 2025, the borrower continued to purchase shares of the Company and delayed disclosing the interest acquired. On March 26, 2025, it submitted a Disclosure of Interest form to the Stock Exchange of Hong Kong Limited regarding its acquisition, and it bought up to 22.94% of the Company’s issued shares. The Company was not informed and was not aware of the connected relationship at the material time with the borrower. In light of the above, the loan should be deemed a connected transaction to the Company under 14A of the Listing Rules (the “**Incident**”), which should be reported and followed up with the Listing Rules procedures of reporting, announcements, issuing a circular for independent shareholders’ approval.

In response to the Incident and the borrower’s misrepresentation of its status as a substantial shareholder of the Company, the Group notified the borrower of the termination of the loan and issued a formal demand notice on 7 April 2025 for immediate repayment for all outstanding principal and accrued interest. On 9 April 2025, Mr. Shi Zhu, who was serving as Co-Chairman and a non-executive Director of the Company was suspended from his duties while an investigation of conflicts of interests was conducted as he was simultaneously serving as an independent non-executive Director of the borrower. On 30 May 2025, he was retired from the AGM rotation of Directors. On 11 August 2025, the Company filed a winding-up petition with the Court of First Instance of Hong Kong claiming an outstanding amount of HK\$6,200,000 against the borrower. On 30 September 2025, the Company eventually reached an agreement with the borrower to recover HK\$5,700,000. The Company dismissed the winding up petition, writing off an amount of HK\$500,000 of this loan for the financial year 2025. In light of the incident and its shortcomings, the Board of Directors decided to improve the Company’s internal control and implement remedial measures to prevent occurrence of similar incident.

Management Discussion and Analysis

For more details, please refer to the Company's announcements dated 10 December 2024, 9 April 2025, 10 April 2025, 6 October 2025, 8 October 2025 and 21 January 2026.

Please refer to the section of Corporate Governance for the remedial measures on page 39.

As at 31 December 2025, the Group recorded total loan receivables attributable to our money lending and other secured lending clients of approximately HK\$48.7 million, representing a decrease of approximately 35% when compared to HK\$74.5 million as at 31 December 2024. There was a decrease in total loan receivables because a total of approximately HK\$24.7 million loan amount was written off.

	HK\$'million
Gross carrying amount of loans receivable as at 31 December 2024	74.4
Amount written off as uncollectible	(26.3)
Movements of loans receivable for the year	0.6
Gross carrying amount of loans receivable as at 31 December 2025	48.7

Table 1

A breakdown of our current clients' profiles, interest rates, loans receivable and amount of impairments with regards to our money lending and other secured lending services under PCGL as at 31 December 2025:

Client	Type and Source of Client	Background/ Relationship with the borrowers (note 1)	Date of loans agreement	Principal/Loan Amount HK' million	Interest rate % p.a.	Term	Collateral as at 31 December 2025 HK\$' million	Book value of loans receivable as at 31 December 2025 HK\$' million	Accumulated impairment losses (included unwinding of discount) as at 31 December 2025 HK\$' million	Net amount of loan receivable as at 31 December 2025 HK\$' million	Proportion out of the Group's total loan receivable as at 31 December 2025 %
(Rank by book value of loans receivable)				(Approximately)							
1st client	Individual By client referral	CEO of Corporate Services	6 Oct 2023 and 2 Jul 2024	19.0	16 and change to 12	6 months	Share charge with a property valuation of approximately 18.0	21.1	3.1	18.0	43.1
		None									
2nd client	Corporate By client referral	Holding company	19 Jan 2024 19 Jan 2025	16.5	12	24 months extension to 19 Jan 2027	Share charge with properties valuation of approximately 238.0	16.9	0.2	16.7	40.0
		None									
3rd client	Individual By client referral	Merchant for trading investment	19 Dec 2024	6.0	24	2 months	3rd party personal guarantee	3.7	3.7	0	0.0
		None									
4th client	Corporate By client referral	Transportation business	23 Apr 2024 22 Apr 2025	3.5	13	24 months extension to 22 Apr 2027	Share charge of 33.9	3.8	0	3.8	9.2
		None									
5th client	Individual By client referral	Shareholder of private company	8 Nov 2024 8 Jan 2025 7 Apr 2025	3.0	34.8	12 months extension to 7 Apr 2026	Share charge of 3.0	3.2	0	3.2	7.7
		None									
							Total	48.7	7.0	41.7	100

Management Discussion and Analysis

Notes:

1. The Group's money and other secured lending business generates interest income by offering loans to individuals and corporate clients. The Group's target clientele for its money and other secured lending business include investors, high net worth individuals, substantial shareholders of Hong Kong listed companies, and others who can be individual or corporate clients with their collaterals to be pledged. The primary source of funding for this business is paid-up capital given by the Company's shareholders, as well as internal Group resources.
2. According to the credit policy of the money and other secured lending business, the Group's responsible officers, senior management and office staff are responsible for the ongoing monitoring repayments and loan recoverability. Internal control procedures for loan collection include, on a case-by-case basis, steps such as (i) a margin call (if applicable) or a demand for partial repayment to restore the Group's credit risk to an acceptable level; (ii) in the event that step (i) above does not yield tangible results, the Group may proceed to force liquidation of collateral (if applicable) to reduce the Group's exposure; (iii) in the event that the Group's credit risk after taking steps (i) and (ii) above remains unacceptably high, the Group may proceed to negotiation of a repayment schedule with the client; (iv) should steps (i), (ii) and (iii) above fail to restore the Group's credit risk to an acceptable level, the Group may issue formal demand letter via its legal adviser demanding repayment of the outstanding loan within a stated time period; and (v) in the event that no tangible outcome arose out of the aforementioned steps, the Group may proceed to commencement of legal action against the client.
3. Based on the best information and knowledge, the Group is not aware that there is any relationship between the Group and these loan borrowers. During the reporting period, we can contact and reach out all these loan borrowers. The credit committee has conducted the following credit risk assessment based on the individual loans nature and characteristics.
4. The 1st client loan was provided for 100% impairment based on the shortfall of its outstanding loan and the estimated value of pledged assets as his loan has entered stage 3 of the expected credit loss ("ECL") model. This loan has been overdue for more than three months and is considered to be in default. The client's pledged assets have recently been revalued at approximately HK\$18 million. An additional undertaking in favor of the pledged assets by the borrower has been obtained. On-going discussion and negotiations on the loan settlement are in progress.
5. The 3rd client loan was provided for 100% impairment based on the outstanding balance as his loan has progressed to stage 3 of the ECL model. Despite various margin calls and demand notices, the borrower failed to settle. The values of the underlying collaterals as provided by a third party guarantor were not sufficient for the recovery of the loans. We issued demand notes to ask for the shortfalls. All his collaterals were eventually disposed of or realized to recover a portion of the loan. On-going discussion and negotiations have been made to settle for the remaining balance. The Board is seeking legal advice for taking further action.
6. The Loan to Capital Realm Financial Holdings Group Limited is excluded from the list because the Principal was mostly recovered and an amount of impairment of HK\$500,000 was written off in 2025.

Management Discussion and Analysis

The Group's loans receivable as of 31 December, 2025, and 31 December, 2024, in the PCGL loan book, are shown in the following table according to the nature of pertinent loans:

Loans by Nature	Loans receivable as at 31 December 2025 HK\$'000	Term	Interest rate per annum %	% of total loans receivable as at 31 December 2025 %
Secured loans, with collaterals	41,667	2-24 months	12-24.0	85.63
Loans, with personal guarantee	6,980	12-24 months	13-34.8	14.37
Total loans receivable	48,657			100.00
Less: Impairment losses under ECL model	(7,007)			
Net loans receivable	41,650			
	31 December 2024 HK\$'000		%	31 December 2024 %
Secured loans, with collaterals	49,668	6 months	12-34.8	66.74
Loans, with personal guarantee	24,748	Overdue	12	33.26
Total loans receivable	74,416			100.00
Less: Impairment losses under ECL model	(26,667)			
Net loans receivable	47,749			

Based on the PCGL's loan portfolio, there are a total of 5 outstanding loans as at 31 December 2025. Approximately 86% of the total amount of outstanding loans are secured by collateral with interest rate of 12-24% per annum. For those unsecured loans (with personal guarantee), which account for 14% of the total outstanding loans, annual interest rates are charged at 13-34.8%.

Based on the PCGL's loan portfolio, there are a total of 8 outstanding loans as at 31 December 2024. Approximately 67% of the total amount of outstanding loans are secured by collateral with interest rate of 12-34.8% per annum. For those unsecured loans (with personal guarantee), which account for 33% of the total outstanding loans, annual interest rates are charged at 12%.

Management Discussion and Analysis

In relation to aforesaid movement, summary of the recovering actions and status of the overdue loans receivable under Money Lending and other secured lending services under 'PCGL' Businesses is set out in the Table below:

Client (Rank by book value of loans receivable)	Reason of enforcement	Recovering action	Status
The 1st client	<ol style="list-style-type: none"> 1) The loan has been overdue for more than 3 months. 2) Have not settled with the interest or principal. 	<ol style="list-style-type: none"> 1) Calls with the client. 2) Demand notices are sent. 3) Negotiate and demand the client to have the loan repayment schedule 4) Ask for the latest valuation report of the pledged asset. 5) Demand for additional undertaking or guarantees. 6) Review and assess the repayment schedule. 	<ol style="list-style-type: none"> 1) Ongoing negotiation and discussion to have the loan settle 2) The recent valuation of the pledged asset was about HK\$18 million.
The 3rd client	<ol style="list-style-type: none"> 1) The client did not pay interest or principal. 2) Despite repeated demands, the client fails to settle the loan 3) The total value of collateral dropped below the outstanding amount on the date of enforcement 	<ol style="list-style-type: none"> 1) Margin calls and seeks interest and loan repayment 2) Demand notices were sent 3) Foreclosing on pledged collateral which were all sold 4) Seek further legal advice 5) May conduct further legal action 	<ol style="list-style-type: none"> 1) Ongoing liaise with the client but still unable to settle the loan

Management Discussion and Analysis

Ageing Analysis of the Outstanding Loans of Money Lending Business

Net loan receivables with ageing analysis presented below per maturity dates:

	As at	
	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Not due yet	23,650	30,477
Overdue (after impairment)	18,000	17,272
	41,650	47,749

As of 31 December 2025, total amount of HK\$41.7 million of loans are rolled over.

As of 31 December 2024, total amount of HK\$19.1 million of loans are rolled over.

Customer Profiles

The customers of the Money Lending Business include both corporate and individual and are referred by member companies of the Group, Directors, employees or clients. The PCGL clientele as of 31 December 2024 and 31 December 2025 are displayed in the following table:

Type of Customers	Number of customers	
	2025	2024
Corporate	2	2
Individual	3	6
Total	5	8

Placing and Underwriting Services

For fund-raising purposes, we typically provide our placing and underwriting services to listed companies, placing agents, and/or listed company investors on a best-effort basis. The Company has acted as a placing agent and joint book runners in arranging the settlement and receiving fee income or agency fee in return. The Group has seen encouraging results in its placing and underwriting services for bonds and securities in 2025. During the twelve months ended 31 December 2025, the Group engaged in 21 placing and underwriting activities, including (11 securities and 10 bonds) comparing to 14 placing activities for the twelve months ended 31 December 2024.

Total revenue of approximately HK\$12.3 million was recognized for twelve months ended 31 December 2025 (31 December 2024: HK\$6.9 million). Revenues of approximately HK\$4.4 million were attributable to securities placements and approximately HK\$7.9 million were attributable to bond placing activities, including municipal bonds. Given the Hong Kong and China economic activities have accelerated in pace and the central government has been implementing policies to support and promote the securities and bond markets, these contributing elements would boost investor confidence and market participation. The Group anticipate that the fee income of placing or underwriting services for both securities and bonds will provide a significant contribution to the Group's revenue.

Management Discussion and Analysis

Revenue of Placing and underwriting Services

	2025 HK\$'000	2024 HK\$'000
Fee income from Placing and underwriting of Securities	4,369	1,258
Agency Fee income	7,887	5,645
Total income	12,256	6,903

Major Customers and Major Suppliers

During the year 2025, the Group's five largest customers accounted for approximately 35% (2024: 47%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 10% (2024: 11%) of the total revenue. None of the Directors or any of their close associates, or any shareholder (which to the knowledge of the Directors own 5% or more of the Company's issued share capital) had any beneficial interest in the Group's five largest customers. The Group's principal activities are securities brokerage services, securities-backed lending services and placing and underwriting services. In the Board's opinion, the Group has no major suppliers due to the nature of the Group's principal activities.

Fundraising Activities and Use of Proceeds in the last two years For the Twelve Months ended 31 December 2025

On 10 June 2025, the Company announced a proposal of Share Consolidation under which every twenty (20) Existing Shares in the issued and unissued share capital of the Company would be consolidated into one (1) Consolidated Share.

On 18 August 2025 the Share Consolidation went into effect. The authorised share capital of the Company is then HK\$500,000,000, divided into 1,250,000,000 Consolidated Shares at HK\$0.40 each. Of these, 24,364,005 Consolidated Shares (fully paid or credited as such) have been issued.

Following the Share Consolidation, the Company proposed to raise gross proceeds of up to approximately HK\$60.7 million before expenses by way of Rights Issue of up to 36,546,008 Rights Shares at the Subscription Price of HK\$1.66 per Rights Share on the basis of three (3) Rights Shares for every two (2) Consolidated Shares. The net proceeds from the Rights Issue after deducting the expenses are approximately HK\$60.5 million. The Company intends to use the net proceeds for the followings:

- (i) approximately HK\$5.3 million for potentially acquire a Company is granted to deal with virtual permit by SFO or potentially applying for a license to the able to deal with virtual asset such as cryptocurrency;
- (ii) approximately HK\$35.0 million for investing in our margin financing services;
- (iii) approximately HK\$15.0 million for investing in our money lending services; and
- (iv) approximately HK\$2.3 million for the general working capital of the Group.

Management Discussion and Analysis

The Subscription Price of HK\$1.66 per Rights Share represents:

- (i) a discount of approximately 40.71% to the theoretical closing price of approximately HK\$2.80 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.140 per Existing Share as quoted on the Stock Exchange on 10 June 2025; (the "Last Trading Day");
- (ii) a discount of approximately 41.55% to the theoretical average closing price of approximately HK\$2.84 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.142 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 40.29% to the theoretical average closing price of approximately HK\$2.78 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.139 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 22.14% to the theoretical ex-rights price of approximately HK\$2.132 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.140 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.93% of the theoretical diluted price of approximately HK\$2.132 per Consolidated Share to the benchmarked price of approximately HK\$2.84 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price of HK\$0.140 per Existing Share on the Last Trading Day and the average closing price of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.142 per Existing Share).

The authorized share capital of the Company was originally HK\$500,000,000 divided into 25,000,000,000 Existing Shares of HK\$0.02 each, of which 487,280,100 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorized share capital of the Company will become HK\$500,000,000 divided into 1,250,000,000 Consolidated Shares of HK\$0.40 each. Total issued shares of the Company has increased to 60,910,013 shares following the completion of the 3-for-2 Rights Issue of Consolidated Shares on 23 October 2025.

Management Discussion and Analysis

Proposed Use HK\$'000	Net proceeds Amount HK'000	Original expected Timeline on fully utilization of the Net proceeds By 4Q 2025 HK\$'000	Actual use of the Net Proceeds for the 4Q ended 31 December 2025 HK000	Unutilized use of net proceeds as at 31 December 2025 HK\$'000	Expected timeline on utilizing all Proceeds By 4Q 2026 HK'000
Margin Financing	35,000	35,000	50,000	Nil	N/A
Money Lending	15,000	15,000	–	Nil	N/A
Acquiring Virtual asset permit company	5,300	200	200	5,100	5,100
Working capital	2,300	2,300	2,300	Nil	N/A
Total	57,600	52,500	52,500	5,100	5,100

For the Twelve Months ended 31 December 2024

Placing of Shares

On 18 December 2024, the Company entered into a Placing Agreement for Placing of a maximum of 81,210,000 new shares to not less than six independent placees under the general mandate at a placing price of HK\$0.176 each. The Placing Price of HK\$0.176 per Placing Share represented:

- (i) a discount of approximately 19.63% to the closing price of HK\$0.219 per Share as quoted on the Stock Exchange on 18 December 2024 (the "date of the Placing Agreement"); and
- (ii) a discount of approximately 19.93% to the average closing price of approximately HK\$0.2198 per Share for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

The gross and net proceeds of the placing were approximately HK\$14.29 million and HK\$13.86 million respectively.

The placement was completed on 13 January 2025. The funds raised were already utilized in full for the Groups general working capital as originally plan by 30 June 2025.

Management Discussion and Analysis

Set out below is the intended use and expected timeline for the use of the proceeds.

Proposed use HK\$'000	Net proceeds Amount HK'000	Original expected Timeline on fully utilization of the Net proceeds By 3Q 2025 HK\$'000	Actual use of the Net Proceeds for the Six months ended 30 June 2025 HK000	Unutilized use of net proceeds as at 30 June 2025 HK\$'000
General working capital	13,860	13,860	13,860	Nil
Total	13,860	13,860	13,860	Nil

(PS: Details of the Placing were set out in the Company's announcement dated 18 December 2024 and 13 January 2025.)

Total Assets

Unit (HK\$'million)/Year	2025	2024
Total Assets	208.9	154.9
Trust Bank Balances	7.3	12.6
Cash and Bank Balances	41.8	15.9
Trade Receivables	88.2	55.1
Loans Receivable	41.7	47.7
Trade Payables	(6.4)	(12.2)
Net Assets	195.7	138.40

The Group's total assets as of 31 December 2025, were about HK\$208.9 million, up about 35% from about HK\$154.9 million as of 31 December 2024. The main reason for the increase was due to a surge in both cash and bank balances and amount of trade receivables. Cash and bank balances increased to HK\$41.8 million as of 31 December 2025 from HK\$15.9 million as of 31 December 2024 while trade receivables increased by approximately 60% to HK\$88.2 million as of 31 December 2025 from HK\$55.1 million as of 31 December 2024. During the period, the Company raised approximately HK\$59.3 million from placing of 3-for-2 rights issues of HK\$1.66 per consolidated shares. Loans receivable remained at the same level of HK\$41.7 million as of 31 December 2025, as opposed to HK\$47.7 million as of 31 December 2024. Combined with these factors, the Group's net assets grew by about 41% to approximately HK\$195.70 million as at 31 December 2025 from approximately HK\$138.40 million as at 31 December 2024.

Management Discussion and Analysis

Financial Review

Revenue

For the year ended 31 December 2025, the Group's revenue amounted to a total of approximately HK\$28.4 million, representing an increment of 11% compared to approximately HK\$25.5 million in 2024. The increment was mostly attributable to a notable increase in fee income and agency fees of approximately HK\$12.2 million from placing and underwriting services (including both bonds and stocks) as compared to HK\$6.8 million fee income in 2024. Commission income from the securities brokerage services doubled to reach HK\$1.0 million as of 31 December 2025, compared to HK\$0.5 million for the year ended 31 December 2024.

Total income generated from securities-backed lending services decreased to approximately HK\$15.0 million, representing a decrease of approximately HK\$2.7 million or approximately 15% from approximately HK\$17.7 million in 2024. For the year ended 31 December 2025, interest income from margin financing services declined by about 32% to approximately HK\$8.1 million, while interest income for money lending and other lending services increased by about 17% to about HK\$6.9 million.

Employee Benefits Expense

Employee benefit expenses include staff salaries, allowances, benefits, directors' emoluments and contribution to defined contribution retirement scheme. To sustain and drive our Company's long-term growth, cost control and effectiveness are also important areas that the management has revealed and examined. In 2025, our employee benefit expenses recorded an increase of approximately 25% to approximately HK\$8.6 million in 2025 from approximately HK\$6.9 million in 2024. The primary cause of the increase was due to the increase in Directors' fees in which one more Director has joined the Group. Throughout the year, some staffs have joined or left the Group at different time span. Employee benefit expenses accounted for approximately 29% (2024: 36%) out of the total expenses (which only included employee benefit expenses, commission and fees expense and other operating expenses) in 2025.

Other Operating Expenses

Unit: (HK\$'million)/Year	2025	2024
Other operating expenses (<i>note a</i>)	19.4	11.8
Impairment losses on and loss from write-off of trade and loans receivables, net (<i>note b</i>)	11.7	37.1
Total other operating expenses	31.1	48.90

note a: Other operating expenses in 2025 amounted to HK\$19.4 million, compared to HK\$11.8 million in 2024 (excluding charge for impairment losses on trade and loans receivables) which accounted for about 69% (2024: 63%) of the total expenses (which only included employee benefit expenses and other operating expenses). The remarkable increase of other operating expenses of approximately 69% to HK\$19.4 million in 2025 was mostly attributable to the increase in compliance, professional and administrative expenses incurred during the year. During 2025, the Company made a new share placement of 81.2 million shares at HK\$0.176 each, and undertook a rights issue of three rights shares for two consolidated shares at HK\$1.66 each following a twenty-for-one share consolidation. These two corporate activities helped the Company to raise approximately HK\$71.5 million in total, which also boosted the administrative and operating, legal and professional expenses incurred. In addition, the Company has been participating for more placement activities relating to both bonds and securities. Meanwhile, the Company has incurred further operating expense, professional and legal fees in exploring opportunities for new business to benefit for the Company.

note b: For the year ended 31 December 2025, impairment losses on and loss from write-off of trade and loans receivables of HK\$11.7 million (the "Impairments") (31 December 2024: HK\$37.1 million) were recognised under expected credit loss ("ECL") model required under HKFRS 9, of which HK\$5.5 million (2024: HK\$16.7 million) were attributable to trade receivables from margin financing clients whereas the remaining HK\$6.2 million (2024: HK\$20.4 million) were attributable to loans receivables from money lending and other secured lending clients.

Management Discussion and Analysis

Risk Management Policies

The Group has set up a credit committee (the "Credit Committee") which has full authority to handle all credit related matters. The primary duties of the Credit Committee are, among other things, to approve and oversees the Group's credit policy and to monitor its loan portfolio. The Credit Committee consists of senior management, responsible officer and Directors which is responsible for formulating credit policies and guidelines to ensure the Group's business risks are contained within controllable levels.

The Group's credit risk is mainly arising from its trade receivables from margin clients and loans receivable from money lending or other money lending clients. To monitor credit risk, the Group set out the following credit policies for the securities-backed lending services:

(i) The Group's credit policy in respect of the margin financing business

In respect of the Group's non-termed loan business, the representative staff is responsible for applying a credit line, which is the maximum loan facility granted to the non-termed loan client which is set after taking into account of both current and potential credit risks, from the Credit Committee for individual non-termed loan client. The representative staff must submit relevant documents such as proof of financial standing, proof of income, proof of asset, tax return, etc. to the Credit Committee for proper evaluation of the client's creditworthiness. The Credit Committee is then responsible for approval of the credit line based on the client's occupation, his/her track record, his/her trading pattern, proof of income, financial standing, repayment ability and credit history of the client with the Group.

In addition, the Group's responsible officers are responsible for reviewing the daily margin call report generated by the trading system and initiate the margin call as appropriate. Clients subject to margin calls are not allowed to execute further securities purchases unless they have deposited additional funds, sold their pledged securities or pledged additional securities to top up their margin value. After having considered factor such as the client's profile, track record, credit and repayment history or value and liquidity of the collateral, the Group's responsible officer may grant approval for extending mandatory liquidation, the repayment arrangement and/or special monitoring and handling procedures for such client.

(ii) The Group's credit policy in respect of the money lending business

The Credit Committee examines and decides on every term loan application. Before a loan can be awarded – which requires approval from the Credit Committee – all new clients must successfully complete the Group's credit and financial background checks.

In terms of credit monitoring, the Credit Committee will check for irregularities and report to the directors as necessary. The directors will perform sample check on the loan files to ascertain that loan approval procedures and documentations are properly performed by the front office team. For loans with collateral, the Credit Committee will identify possible irregularities in the credit quality of the loan portfolio. If the Loan to Securities Ratio (if applicable) increased to or above a pre-determined accepted ratio, the borrower may be required to deposit additional collateral or partially repay the loan outstanding in order to bring the Loan to Security Ratio below the accepted ratio.

In cases where the borrower requests a restructuring of the repayment schedule, approval has to be obtained from the Credit Committee on a case-by-case basis. The approved restructured loans will be monitored by the front office team and reviewed by the Credit Committee to ensure timely repayment.

The Company confirmed that the aforementioned credit policies have been strictly followed during the year ended 31 December 2025.

Management Discussion and Analysis

Loan Impairment Policies

Impairment review has been performed by management to assess impairment loss on trade receivables from margin clients as well as loans receivable from money lending or other secured lending customers. According to the Group's accounting policies, ECL are probability-weighted estimate of credit losses. Credit losses are measured at the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancement that are integral to the contract terms.

The ECL are measured on either of the following bases:

- 12-month ECL: these are the ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are the ECL that result from all possible default events over the expected life of a financial instrument.

The measurement of ECL is a function of the following variables:

1. Probability of Default;
2. Loss Given Default ("LGD") (i.e. the magnitude of the loss if there is a default); and
3. Exposure at Default. (The gross receivable balance)

ECL = Exposure at Default * Probability of Default * Loss Given Default (LGD)

The assessment of the probability of default and LGD is based on historical data adjusted by forward-looking information.

(a) Trade receivables due from margin clients

For trade receivables from clearing houses, the Group applies the simplified approach in measuring ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Management Discussion and Analysis

For other financial assets, including trade receivables due from margin clients, loans receivable, deposits, trust bank balances held on behalf of customers and cash and bank balances, the Group applies the general approach to measure ECL, i.e. is to recognise a loss allowance based on 12-months ECL. However, when there has been a significant increase in credit risk since origination, the loss allowance will be based on the lifetime ECL. In summary, the measurement of ECLs under general approach is based on the “3-stage model” as follows:

Stage 1: 12 month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit-impaired

Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Below is our assessment of each types of the Group’s financial assets:

a. *Trade receivables due from margin clients*

The Group applies general approach in measuring loss allowance for ECL on trade receivables due from margin clients. Firstly, the Group has to assess whether the risk of default has increased significantly since initial recognition. The Group considers both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

In view of the business nature of securities trading and margin financing, management considers that ageing analysis is not meaningful as the probability of default is highly correlated with the collateral value rather than the past due days. In this regard, management would consider other relevant factors, including but not limited to the followings, in assessing the default risk:

Quantitative factors:

Collateral Ratio: $\text{Outstanding loan amount} / \text{Market value of securities collateral}$

Actual Shortfall $\text{Market value of securities collateral} - \text{Outstanding loan amount}$

Management Discussion and Analysis

Other factors:

- an actual or expected downgrade of the external or internal credit rating of the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligation;
- significant changes in the expected performance and behavior of the borrower, in particular the responsiveness of the margin clients in response to the margin call or similar request made by the Group;
- significant changes in external market indicators of credit risk for a particular financial asset or similar financial assets with similar characteristics; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancement, if applicable.

Management closely monitors the default risk of each client throughout the year based on the assessment of the aforesaid factors.

Further, the Group would base on the assessment of the aforesaid relevant factors, to classify the margin clients into 3 stages. ECL for margin clients under Stage 1 are measured on collective basis whereas ECL for margin clients under Stages 2 and 3 are measured on individual basis.

To identify the indication of impairment, Management classifies the receivable balances into Stage 1, 2 and 3 as follows:

Stage 1:	For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination.
Stage 2:	For exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired. Below are indicators of significant increase in credit risks: <ul style="list-style-type: none"> a. If Collateral Ratio exceeds 70%; b. If the margin client is in negotiations for credit enhancement measures* with the Group (i.e. not able to maintain the margin requirement up front)
Stage 3:	Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. When the below criteria has taken place then it would indicated that the balance is credit-impaired: <ul style="list-style-type: none"> a. The Group makes liquidation call to margin clients to liquidate their securities collateral to settle the outstanding balances; AND b. The margin client is not fulfilling their obligation according to the credit enhancement measures (if any); OR c. The Group loses contact with the margin clients.

Management Discussion and Analysis

Remark*:

Credit enhancement measures with the Group usually include entering into a separate repayment agreement with the client or other forms of agreement to settle the balance.

After classifying the balances into 3 stages, management calculated the ECL which has the following formula:

ECL = Exposure at Default * Probability of Default (%) * Loss Given Default (%)

Exposure at default = gross margin loan receivable

Probability of default ("PD") = a rate that is assessed by management

Loss Given Default ("LGD") = shortfall/gross margin loan receivable

Management assesses the probability of default by each stage 3 client to be 100% (2024: 100%)

Management assesses the probability of default by each stage 2 client to be 15% (2024: 10%)

(b) Loans receivable

The Group applies general approach in measuring loss allowance on loans receivables.

Management is of the view that the probability of default is correlated with the past due days in accordance to HKFRS9's assumption instead of correlated to the collateral value similar to the margin receivables.

In determining the LGD to these new clients, management would consider (i) the background information of the loanee; (ii) the financial information of the loanee; (iii) the estimated value of collaterals provided by the loanee; (iv) the estimates cash recoverable from the loanee without resorting to liquidation of collaterals; (v) whether the loanee could provide any personal commitment such as guarantee to the loan, if applicable; (vi) assets proofs of the loanee.

Management Discussion and Analysis

Table 2

Impairments Provisions that were made for our both margin financing and money lending clients in 2025

Client Label	Nature of Loan	Outstanding Amount (HK\$'mn)	Event triggering	Percentage Adoption of impairment provision		Guarantee/net realizable value (HK\$'mn)	Amount of Impairment losses made in 2025 (HK\$'mn)	Percentage Amount to Total Impairment (%)	Impairment provision balance as at 31 December 2025 (HK\$'mn)
				(%)	Stages of ECL model				
I	Term	21.1	Loan overdue	100	Stage 3	18.0	0.6	6	3.1
II	Non-Term	21.4	Margin shortfall	15	Stage 2	6.6	1.3	13	2.2
III	Non-Term	17.9	Margin shortfall	15	Stage 2	3.3	1.0	10	2.2
IV	Non-Term	3.2	Margin shortfall	100	Stage 3	0	2.9	29	3.2
V	Non-Term	4.9	Margin shortfall	15	Stage 3	3.5	0.2	2	0.2
VI	Term	3.7	Margin calls with disposal of collaterals	100	Stage 3	0	3.7	37	3.7
VII	Term	3.2	N.A.	1	Stage 1	0	0	0	0
VIII	Term	16.9	N.A.	1	Stage 1	16.5	0.2	2	0.2
IX	Term	3.8	N.A.	1	Stage 1	3.5	0	0	0
X	Non-Term	2.7	Margin shortfall	15	Stage 2	1.7	0.1	1	0.1
Total						53.1	10.0	100	

Management Discussion and Analysis

Note:

1. Outstanding Amount – Loan amount with accrued interests as of 31 December 2025
2. Client (II), (III), (V) and (X) are mostly margin financing clients with pledged collateral or secured guarantees originally. The values of their collateral declined which have come into margin shortfall. The clients were asked either to replenish cash or placed additional collateral or guarantees. The Group has utilized the ECL model on adopting a 2-stage 15% impairment loss for these margin financing borrowers. The clients are able to pay interests and continued discussion on repayment are made with the clients. These steps are expected to enable the Group to manage the loan recovery.
3. Client (IV) is a margin financing client with pledged securities as collateral. The value of collateral declined which has caused the margin shortfall. The client failed to repay interest or principal. Loan recovery was demanded repeatedly and foreclosing on disposing of collateral was done to recover part of the loan. The Group has utilized the ECL model on adopting a 3-stage 100% impairment loss for this margin financing borrower. The Board is seeking legal advice and may pursue further legal action.
4. Clients (I), (VI), (VII), (VIII) and (IX) are borrowers of money lending and other secured lending services, same as mentioned in Table 1 of page 10.

Income Tax Expenses/Credit

The income tax expense for 2025 was approximately HK\$5.8 million (2024: income tax expenses of HK\$0.4 million). The increase was attributable to reassessment of previously recognised deferred tax. The reversal was owing to the temporal difference of unused tax losses in the past years.

Loss for the Year

The net loss for the year ended 31 December 2025 was HK\$17.3 million, which is approximately 45% decrease compared to a net loss of approximately HK\$31.7 million in 2024. This was primarily due to the write-off of trade and loan receivables of approximately HK\$1.8 million, as well as impairment losses of approximately HK\$9.9 million, totalling approximately HK\$11.7 million (2024: HK\$37.1 million) related to securities-backed lending services. Impairment losses of HK\$11.7 million (the "Impairments") (31 December 2024: HK\$37.1 million) were recognised under expected credit loss ("ECL") model required under HKFRS 9, of which HK\$5.5 million (2024: HK\$16.7 million) were attributable to trade receivables from margin financing clients whereas the remaining HK\$6.2 million (2024: HK\$20.4 million) were attributable to loans receivables from money lending and other secured lending clients. The net loss was also due to an increase in other operating expenses to approximately HK\$19.4 million for the year ended 31 December 2025 (2024: HK\$11.8 million), and a reassessment of previously recognised deferred tax of approximately HK\$5.8 million.

Dividend

Directors did not recommend the payment of final dividend for the year ended 31 December 2025 (2024: nil). Total dividend payout by the Company for the year ended 31 December 2025 was nil (2024: nil).

Management Discussion and Analysis

Capital Structure

As at 31 December 2025, the Group did not have any bank borrowings. Other payables and accruals and lease liabilities were approximately HK\$1.6 million compared to approximately HK\$4.3 million in the corresponding period of 2024. Trade payables were approximately HK\$6.4 million compared to approximately HK\$12.2 million as at 31 December 2024. The Group maintained a net cash position with total cash and bank balances amounting to approximately HK\$41.8 million as at 31 December 2025 (2024: HK\$15.9 million). As at 31 December 2025, the Group had lease obligations of approximately HK\$1.9 million (2024: nil) and an amount due to an associate of approximately HK\$3.3 million for investment. The Group's long-term debt to equity ratio was approximately 1% in 2025 (2024: 0%).

On 13 October 2025, the Company successfully raised HK\$59.3 million through a 3-for-2 Rights issue @HK\$1.66 per rights share. The Company will use or has used the proceed to (i) approximately HK\$5.3 million for potentially applying for a license conditions to be able to deal with virtual asset; (ii) approximately HK\$50 million to provide securities-backed lending services; and (iii) and approximately HK\$2.3 million for enhancing the general working capital of the Group. Save for the event of this, the Group's operations, capital expenditure and other capital requirements were funded by cash generated from operations and working capital in the year 2025. The Directors are of the view that at the date hereof, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may consider other financing activities when appropriate business opportunities arise under favourable market conditions.

Liquidity and Financial Resources

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Current assets	182,471	135,471
Trade receivables	88,217	55,134
Cash and bank balances	41,812	15,929
Current liabilities	12,062	16,500
Trade payables	6,447	12,243
Lease liabilities	713	–
Current Ratio (times)	15.62	8.21
Gearing Ratio (times) [#]	0.01	–

[#] Long-term debts (including non-current lease liabilities) over total equity

Management Discussion and Analysis

Foreign Currency Exposure

The Company's functional and presentation currency is Hong Kong dollar ("HK\$"). During the years ended 31 December 2025 and 2024, the Group's transactions were denominated in HK\$. The Group had no material exposure to foreign currency risk. The Group has not used any derivatives to hedge against its exposure to foreign exchange risks.

Contingent Liabilities

As at 31 December 2025 and 31 December 2024, the Group did not have any material contingent liabilities.

Significant Investments

The Group did not acquire or hold any significant investment during the year 2025 (2024: nil).

Pledge of Assets

As at 31 December 2025, the Group did not pledge any of its assets (31 December 2024: nil).

Capital Commitments

As at 31 December 2025, the Group did not have any significant capital commitments (31 December 2024: nil).

Employees and Remuneration Policy

The Remuneration Committee reviews the executive Directors' compensation, which is based on the Directors' credentials, expertise, roles, and responsibilities as well as the performance and results of the Company. The Group's remuneration policies are in line with prevailing market practice. The Group's employees are remunerated according to their performance, working experience and market conditions. In 2025, the Group has hired 8 new employees (2024: 16 new employees) with 9 (2024: 5) employees left. As at 31 December 2025, the Group had 25 employees (31 December 2024: 27 employees). Apart from basic salaries, other staff benefits include discretionary bonus, provident funds and medical scheme.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 11 of the consolidated financial statements.

Management Discussion and Analysis

Outlook

In 2025, the Hong Kong stock market experienced a modest recovery. The Hang Seng Index increased by 5,570 points, or approximately 28%, to close at 25,630 points on 31 December 2025. Boosted by eight mega IPOs, including four of the world's ten largest, the Hong Kong Stock Exchange won back the top position for IPO funds raised in 2025.

Looking ahead 2026, the performance of both Hong Kong and China stock markets looks optimistic. Despite the fact the geopolitical tensions, the military war between Iran and the US with Israel, surge of oil price and the US reciprocal tariffs effects remain intact globally, the political position of Hong Kong has marked its importance as a 'super connector' between China and the Western countries. As an international financial center without intervention for the freeflow of money with advanced infrastructure and a thriving talent pool, Hong Kong naturally becomes the preferred choice for companies to setup a regional office or to be listed on the Hong Kong Stock Exchange. The US fiscal policy of lowering interest rates and depreciating the US dollar, diverging from other US assets, along with China's economic reforms and its enterprises going global, are driving forces for the Hong Kong stock market. As China begins to implement the 15th Five-Year Plan, emphasizing technological self-reliance as a strategic priority, it is anticipated that new technology reform and a list of initial public offerings (IPOs) will continue to grow steadily with potential increases in market liquidity.

In parallel with the overall market, the Group will continue to strengthen its business mix and execution. The Group will continue to manage our lending portfolios, balancing risk and return. The company will also seek to improve its market positioning and maintain a healthy financial position. The Group deployed approximately HK\$50.0 million of the net proceeds from the placing to expand its margin financing and money lending services. This additional capital will increase the company's revenue by building on the strong growth in interest income from margin financing and money lending services. The company will adopt a cautious approach when exploring new businesses or services, while focusing on diversifying its offerings.

The Company will continue to pursue strategic growth initiatives by exploring opportunities in the virtual asset and distressed asset industry, including the potential uplift of its virtual asset service provider licence, and by expanding into the receivables collection and distressed asset disposal sector in the PRC through the proposed acquisition of target companies principally engaged in such business.

At the same time, the Company will focus on enhancing operational efficiency and strengthening client relationships through customer-centric service and innovative solutions, with the aim of reinforcing its market position and supporting sustainable long-term growth.

Management Discussion and Analysis

Status and events happened for the Relevant Clients in 2025

Reference to our annual report 2023 and 2024, eight relevant clients (Clients A to H) had respectively pledged with the shares of companies listed on the Stock Exchange with the Company in 2021 or 2022. They were originally margin financing clients of non-term loans. The Group's risk management procedures were strictly followed during the approval process of these secured loans. The market values of the securities collateral fell dramatically in early January 2022 in which their Loans to Securities ratios had reached unacceptable levels. From January 2022, we have continued to make margin calls and demanded these clients fulfill the margin loan requirement either by depositing additional cash or collaterals. These clients were not able to fulfill the margin loans respectively. According to the Group's credit policy, the Group enforced to sell the collaterals in 2022. The amount collected from the enforcement was insufficient to repay the outstanding amounts of the loans, respectively. As the result, the nature of the loans has inevitably changed to unsecured loan. The Group had persisted in collecting the delinquent loans from these eight clients but failed to do so. Periodically credit assessments of the ECL model have been done adopted on testing these loans.

In 2024, demand letters were sent, and legal actions were further taken against them. During the year, the High Court of Hong Kong declared that four of these eight clients bankrupt. For the four clients (i.e. clients C, D, E, G) declaring bankrupt, their trade or loans receivables were written off, and we made specific impairment provision for their outstanding balance as they were in severe financial difficulties, and we have no realistic chance of collecting these loans. For the remaining four relevant clients (clients, C, D, E, G), we adopted the "stage 3" ECL model and made 100% provisions impairment against these loans.

In 2025, three relevant clients (i.e. clients, A, H and F) were declared bankrupt by the High Court of Hong Kong with their trade or loans receivables being written off. Client B is our last client on our list of Eight Relevant Clients. Client B is a not a citizen of Hong Kong. He does not have real estate in Hong Kong or any obvious asset in his home country. The Company's results of 2025 were unaffected as 100% impairments for his loan had been provided by financial year 2024.

Corporate Governance Report

Good corporate governance practices improve the transparency of the Company, optimize the Company's performance, and help to enhance stakeholders' confidence and support. The board of directors (the "Board") of the Company is committed to achieve good corporate governance practices and procedures. During the year under review, the Company has adopted and complied with the code provisions prescribed in the establishment and implementation of the Corporate Governance Code ("CG Code") as set out in Appendix C1 of the Corporate Governance Code of the main board listing rules by the Stock Exchange of Hong Kong Limited to ensure that the Company's business operations are operated and regulated in a proper manner. The Company will continuously review its corporate governance practices so as to enhance its corporate governance standards, comply with the increasingly complicated regulatory requirements, and meet with the rising expectation of the shareholders and respective investors.

Corporate Culture

Our goal is to sustain and develop our Company to become a prestigious integrated financial services provider by providing services with conscience, honesty and integrity. "Our collaborative team's agility, hard work, and dedication are the foundation of our success." We cultivate an environment that values openness, equity, morality, and an unrelenting commitment to acting in the best interests of our Company in long term.

Chairman and Chief Executive

According to CG Code provision A.2.1, the roles of chairman and chief executive shall be kept separate and not undertaken by the same individual. Mr. Lu Weixing ("Mr. Lu") was named the co-chairman and non-executive Director of the Company while Mr. Lee Chun Tung ("Mr. Lee"), joined in September 2022, was redesignated as co-chairman and an executive Director of the Company on 23 October 2025. Mr. Lu is a pioneer in the auction business in China. He serves as the figurehead and will advise the Company in developing for the Company's new aspects. Mr. Lee has extensive experience in the company management, operations and money lending business. His opinion and suggestions can assist the management in running the business. On 2 June 2025, Mr. Wang Han ("Mr. Wang") was appointed as an executive Director and Chief Operating Officer (CEO) of the Company. Mr. Wang has enriched experience in the financial services particularly distressed assets and auction business in China. Mr. Wang's key responsibilities include identifying new business opportunities and managing the Company's operations and administration. The co-chairmen and CEO perform different responsibilities. Their duties are separate, well-defined and established. The Board believes that this model allows the Company to make decisions, operate, and carry out follow-up actions rapidly. This structure can assist the Company in achieving its goals more efficiently and effectively in response to a changing environment. The Board also believes that the Company already has a solid corporate governance structure in place to ensure its successful management and operation.

The Board

During the reporting period, the Board has been reorganized and now consists of ten Directors including three Executive Directors, three non-Executive Directors and four independent non-Executive Directors with a range of experience and skill sets. The Composition of the Board ensures a balance of expertise and experience appropriate to the requirements of fiduciary duties, risk management, business development and complying with the regulatory requirements. Each Director has been employed on his/her own specific terms. Unless terminated earlier by either side, each Director may resign not less than three months' prior written notice and is subject to retirement by rotation and re-election at the Company's annual general meeting. Their brief biographical particulars and their relationship among the Board are set out on page 42 of this annual report. Pursuant to the requirement of the Listing Rules, the Company has reviewed and received written confirmation from each independent non-executive Director of his independence for an annual review. During the year 2025 under review, the Company considered that all independent non-executive Directors were independent in accordance with the independence guidelines set out in the Listing Rules.

Corporate Governance Report

Pursuant to CG Code Provision of B.1.4, an issuer is required to do a formal evaluation of Board Performance review at least every two years. In 2025, the Company have not exercised a formal evaluation of the Board performance review as half of the board members are newly joined in less than 7 months.

Executive Director

The Board is currently composed of three executive Directors, who may benefit and contribute to the Company based on their experience, skillset, and expertise. The Group's operations, marketing and the implementation of the Board's strategies fall within the purview of our executive Directors. They make sure that an appropriate internal control system is in place and that the Group's operations comply with applicable laws and regulations. While Mr. Lee Chun Tung is a specialist in the money lending industry, Mr. Wang Han has strong relationships and vast experience operating financial services in China and Miss Cheng Ka Yi has extensive experience in business operation, management and administration.

Executive Director's Fees and Commencement Date

Name	Director's Fees for 2025 HK\$'000	Commencement Date of Employment
Mr. Lee Chun Tung	240	14 September 2022
Mr. Zhu Zheping [#] (retired on 30 May 2025)	50	15 September 2023
Ms. Liu Yundi [@]	99	12 December 2024
Mr. Li Dapeng ^{\$}	9	1 November 2024
Miss Cheung Ka Yi	70	2 June 2025
Mr. Wang Han	70	2 June 2025

[@] resigned on 29 May 2025

^{\$} resigned on 10 January 2025

[#] resigned on 30 May 2025

Non-Executive Director

A non-executive Director is a member of a company's Board who does not hold an executive office. Mr. Lau Chun Hung ("Mr. Lau") is employed as non-executive Directors on 30 December 2024 for an initial fixed term of three years and is a registered representative under Type 6 (corporate finance) under the SFC's regulated activity. Mr. Lau also acts as one of our authorized representatives of the Company. Mr. Lu Weixing and Mr. Lu Lin joined the Company as non-executive Directors on 23 October 2025 for an initial fixed term of three years. Mr. Lu Wuxing has extensive experience in asset trading, operations and services with a strong track record of delivery. He is a pioneer of online auctions in China and a forerunner in global online asset transaction. He established Alibaba Auction* (阿里拍賣) in 2012, which has grown into a leading global online auction platform, and founded Alibaba Assets* (阿里資產) in 2015, which has developed into a leading online platform for asset transactions. Mr. Lu Lin is a partner of Grandall Law Firm (Shenzhen)* (國浩律師(深圳)事務所) and the head of its insolvency practice team. He is a Class I Administrator for insolvency cases recognized by the High People's Court of Guangdong Province* (廣東省高級人民法院).

Corporate Governance Report

Non-executive Director's Fees and Commencement Date

Name	Director's Fees for 2025 HK\$'000	Commencement Date of Employment
Mr. Lau Chun Hung	295	30 December 2024
Mr. Lu Weixing ^(*)	137	23 October 2025
Mr. Lu Lin ^(*)	69	23 October 2025
Mr. Shi Zhu ^(*)	50	30 December 2024

(*) retired on 30 May 2025

(*) appointed on 23 October 2025

Independent Non-Executive Directors

The commencement dates of our four independent non-executive Directors are as follows:

Independent Non-Executive Directors' Fees and Commencement Date

Name	Director's Fees for 2025 HK\$'000	Commencement date of Appointment
Mr. Lau Kelly	144	2 September 2022
Mr. Wong Chun Peng Stewart	144	7 September 2022
Mr. Cheng Man Pan	144	14 November 2022
Ms. Jiang Tiancui ^(*)	5	23 October 2025

Mr. Cheng Man Pan possesses the appropriate professional qualifications, or accounting or related financial management expertise as required under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. Mr. Wong Chun Peng Stewart is a qualified solicitor in Hong Kong with extensive experience in businesses both in Hong Kong and China. Mr. Lau Kelly has enriched his experience in anti-corruption and anti-money-laundering crime. On 23 October 2025, Ms. Jiang Tiancui ("Ms. Jiang") joined the Company as an independent non-executive Director. Ms. Jiang has over two decades of experience spanning judiciary, corporate legal management, and technology-sector operations. All independent non-executive Directors bring their wealth of experience to the Board and serve the important function of advising the management on strategy development to ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks for safeguarding the interests of the shareholders and the Company as a whole. Except as otherwise disclosed in this annual report, none of the independent non-executive Directors have any business or financial interests with the Company and all independent non-executive Directors confirmed their independence to the Group as at 31 December 2025 in accordance with Rule 3.13 of the Listing Rules.

Corporate Governance Report

Board Diversity Policy

Pursuant to the CG Code provision B.1, the Board has adopted a board diversity policy with diversity of skills and experience including but not limited to gender, age, cultural and educational background, specific industry knowledge, and length of service. The Company recognizes and embraces the benefits of having a diverse Board. All nominations for the Board are made on merits and candidates will be evaluated based on the Board's objective standards while considering the advantages of the Board's diversity. Following the departure of former executive Director, Ms. Liu Yundi, the Company engaged Miss Cheung Ka Yi as an executive Director to collaborate and work with other Directors and avoid having a single gender Board. In accordance with Listing Rule 13.92, a listing Company must establish a diversity policy for its board members. On 23 October 2025, both Mr. Lu Weixing and Mr. Lu Lin were both joined the Board. Pursuant to 3.10A of the Listing Rules, the number of independent non-executive Directors of an issuer must represent at least one-third of the Board. Thus, the Company has also appointed Ms. Jiang Tiancui to join the Board as an independent non-executive Director. Ms. Jiang's employment has assisted the Company in adhering to Listing Rule 5.05A and Listing Rule 13.92 on gender mix policy, as well as bringing in and utilizing her skillset. The Company will continue to abide by this regulation since it understands the significance of mixed gender diversity for sustainability and long-term prospects.

Board Skill Matrix: – Highlights the depth and breath of skills that can excel or attribute

Expertise or attributes by Directors	Lee Chun Tung	Wang Han	Cheung Ka Yi	Lau Chun Hung	Lu Weixing	Lu Lin	Lau Kelly	Cheng Man Pan	Wong Chun Peng	Jiang Tiancui
CEO Experience	*	*			*					
Financial Industry	*	*	*	*			*	*	*	
Accounting				*				*		
Risk Management	*	*	*	*	*		*	*	*	
Legal/Regulatory			*	*		*	*		*	*
Corporate Governance				*		*		*	*	*

Mr. Wang Han has experience on asset management.

Mr. Lu Weixing has experience on auction platform & related business.

Audit Committee

The Company has established an audit committee (the "Audit Committee") with specific written terms of reference formulated in accordance with the requirements of the Rule 3.21 and Appendix C1 of Listing Rules. The Audit Committee currently consists of three Independent non-Executive Directors ("INEDs"), namely Mr. Cheng Man Pan, Mr. Lau Kelly and Mr. Wong Chun Peng Stewart. Mr. Cheng Man Pan is the chairman of our Audit Committee. The primary duties of our Audit Committee are mainly (i) to make recommendations to the Board on the appointment and removal of external auditors; (ii) to review and supervise the financial statements and provide advices in respect of financial reporting; (iii) to oversee internal control procedures and corporate governance of our Company; (iv) to supervise internal control systems of our Group; and (v) to monitor any continuing connected transactions. During the year 2025, the Audit Committee held three meetings to review and assess our risk management and internal control management functions of the Group. It has also reviewed, assessed and commented on our interim and consolidated final results. The preparation of the consolidated results is in compliance with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange of Hong Kong Limited, and adequate disclosure had been made.

Corporate Governance Report

Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") with specific written terms of reference in line with the Rule 3.27A and Appendix C1 of Listing Rules. The Nomination Committee consists of three members comprising all three INEDs, namely Mr. Lau Kelly, Mr. Wong Chun Peng Stewart and Mr. Cheng Man Pan respectively. Mr. Lau Kelly is the chairman of the Nomination Committee. The primary duties of our Nomination Committee are mainly (i) to review the structure, size, composition and diversity of the Board on a regular basis; (ii) to identify individuals suitable to become Board members; (iii) to assess the independence of INEDs; (iv) to make recommendations to the Board on matters relating to the appointment or re-appointment of directors; and (v) to make recommendations to the Board regarding the candidates to fill vacancies of our Board. When identifying suitable director candidates, and making recommendation to the board, the Nomination Committee would take into consideration of various candidates in views of his/her background of education, experiences, expertise with the industry and his/her past directorships. During the year under review, the Nomination Committee reviewed the structure, size, composition and diversity of the Board. The Nomination Committee will continue to review the necessity of more competent staff to join in the expansion of the Group. (PS: To comply with the new Corporate Governance Code B.3.5 which requires that an issuer's nomination committee must have at least a Director of different gender, Ms. Cheung Ka Yee was appointed to join the nomination committee on 6 March 2026).

Summary of Work Done during the financial year 2025

- Reviewed the structure, size and composition of the board
- Examined and evaluated the candidates of potential directors including their experience, knowledge, skills, professional qualification;
- Reviewed the effectiveness for the board diversity policy and recommended improvements;
- Assessed and confirmed the independence of all INEDs
- Reviewed and recommended the appointment and rotations of Directors

Remuneration Committee

Pursuant to the Rule 3.25 and Appendix C1 of Listing Rules, the Company has set up a remuneration committee (the "Remuneration Committee") with establishing authority and duties under its specific terms of reference. The Remuneration Committee consists of three members comprising three INEDs, namely Mr. Cheng Man Pan, Mr. Wong Chun Peng Stewart and Mr. Lau Kelly respectively. Mr. Cheng Man Pan is the Chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are mainly (i) to review and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) to review other remuneration matters, including benefits in kinds and other compensation payable to our Directors and senior management; and (iii) to review performance based remunerations and to establish a formal transparent procedure for developing policy in relation to remuneration.

Corporate Governance Report

Summary of Work Done during the financial year 2025

- Reviewed the Group structure and size of the Board
- Reviewed the Directors' fees for the year 2025
- Reviewed the remuneration package of the key management

During the year, the attendance of each member of the above committees meetings and the board meetings are recorded as below:

Directors/Board Committees	AGM	EGM	*Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Zhu Zheping ^(%)	1/1	–	6/7	–	–	–
Mr. Li Dapeng ^(#)	–	–	1/1	–	–	–
Ms. Liu Yundi ^(#)	–	–	7/7	–	–	–
Mr. Lee Chun Tung	1/1	1/1	19/19	–	–	–
Mr. Wang Han ^(@)	–	1/1	11/11	–	–	–
Miss Cheung Ka Yi ^(@)	–	1/1	11/11	–	–	–
Mr. Lau Chun Hung	1/1	1/1	17/18	M(3/3)	–	–
Mr. Lu Weixing ^(\$)	–	–	1/1	–	–	–
Mr. Lu Lin ^(\$)	–	–	1/1	–	–	–
Mr. Lau Kelly	1/1	1/1	18/19	M(3/3)	M(2/2)	C(3/3)
Mr. Wong Chun Peng Stewart	1/1	1/1	18/19	M(3/3)	M(2/2)	M(3/3)
Mr. Cheng Man Pan	1/1	1/1	18/19	C(3/3)	C(2/2)	M(3/3)
Ms. Jiang Tiancui ^(\$)	–	–	1/1	–	–	–
Mr. Shi Zhu ^(%)	1/1	–	4/7	–	–	–

^(^) appointed on 1 November 2024 and resigned on 10 January 2025

^(#) resigned on 30 May 2025

^(@) appointed on 2 June 2025

^(\$) appointed on 23 October 2025

⁽⁻⁾ not applicable

^(%) retired on 30 May 2025

Notes:

C – Chairman of the relevant Board committee

M – Member of the relevant Board committee

* The Board had also obtained consents/approval of the Board by way of written resolutions on resolving on a number of matters.

Corporate Governance Report

Auditor's Remuneration

BDO Limited provided services in respect of the audit of the Company's consolidated financial statements which were prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the year ended 31 December 2025.

The analysis of the auditor's remuneration for the financial year under review is presented as follows:

Fee Amount	HK\$'000
Audit Services	690
Non-audit Services	52
Total	742

The statement of the auditor regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 77 to 81 of this Annual Report.

Remuneration Policy

The remuneration of the executive directors is subject to review by the Remuneration Committee and their remuneration is determined with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Company. The Group's remuneration policies are in line with prevailing market practice. The Group's employees are remunerated according to their performance, working experience and market conditions. During the year 2025, the Group recorded 36% (2024: 23%) turnover rate with 9 employees left (2024: 5) and an additional 8 new employees (2024: 11) joining the Group. As at 31 December 2025, the Group had 25 employees, compared to 27 in 2024. Apart from basic salaries, other staff benefits include discretionary bonus, provident funds and medical scheme.

Sufficiency of Public float

Based on the information that is publicly available and within the knowledge of the Directors of the Company, the Company has maintained sufficient public float of 25% issued shares under the Listing Rules 8.08 as at the latest practicable date and prior to the issue of this report.

Environmental, Social and Governance Report ("ESG")

We have envisaged and adopted the Environmental, Social and Governance Reporting Code of the Listing Rules (Appendix C2) in the writing of our reports. Please refer to pages 53 to 76.

Non-Competition Undertaking

Details of the Non-Competition Undertakings are set out in the section headed "Relationship with our Controlling Shareholders" of the Prospectus. None of the Directors or Controlling Shareholders or their respective close relatives had any interests in a business which competes or is likely to compete either directly or indirectly, with the business of the Group, nor any other conflict of interest which any such person has or have with the Group.

Directors' Securities Transactions

The Company has adopted Appendix C3 Model Code for Securities Transactions by Directors of Listed Issuers for dealing in securities of the Company (the "Required Standard of Dealing"). Following specific enquiries to all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings throughout the year 2025. The Company has not been notified of any incident of non-compliance during such period.

Purchase, Sale or Redemption of the Listed Shares of the Company

During the year ended 31 December 2025, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.

Corporate Governance Report

Directors' Training and Professional Development

It is mandatory for all newly appointed directors of the Company to seek legal advice from a Hong Kong-qualified solicitors firm regarding the Exchange Listing Rules requirements that apply to them as directors of listed issuers and the potential repercussions of providing false information or making a false declaration to the Exchange. In accordance with main board Listing Rule 3.09D, all the new joining Directors, Mr. Wang Han and Miss Cheung Ka Yi were provided an introduction briefing by solicitors in June 2025 while Mr. Lu Weixing, Lu Lin and Ms. Jiang Tiancui were provided a Directors' training in October 2025 respectively. By December 2025, a Directors' training session was provided for remedial measures to improve the internal control. They have subsequently held meetings with the management and fellow directors to help them comprehend the business operations of the Company and carry out their directors' duties.

Pursuant to the Code Provision C.1.4 under Appendix C1 of the Listing Rules, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Reading materials on relevant topics are sent to the directors where appropriate. All directors and employees are encouraged to attend relevant training courses to keep abreast of the latest market and regulation changes. All directors confirmed that they had attained the Continuous Professional Training ("CTP") during the Year.

Summary of Directors' Annual Training

Director/Category (unit: hour)	Director's Duties	Listing Rules	Corporate Governance	Risk Management & Internal Controls	Updates on Industry specific/ business trends
Lee Chun Tung	–	2	1	3.5	–
Wang Han	2	2	1	1	–
Cheung Ka Yi	2	2	1	1	–
Lau Chun Hung	–	11	1	1	3
Lu Weixing	2	2	1	1	–
Lu Lin	2	2	1	1	–
Lau Kelly	–	2	1	3.5	–
Cheng Man Pan	2	2	1	3.5	6
Wong Chun Peng	3	5	3	3.5	5
Jiang Tiancui	2	2	1	1	–

Anti-Money Laundering & Corruption

The Company applies a high ethical standard in conducting its business and has adopted industry good practices in anti-money laundering, combating finance of terrorism, anti-bribery and anti-corruption. Any form of payment, gift or offer in the form of a bribe or corrupt act under respective laws and regulations are strictly prohibited.

Corporate Governance Report

Risk Management and Internal Control

The Group's principal businesses are exposed to two major types of business risks, namely financial and non-financial risks. Financial risks include liquidity risk, credit risk, market risk and operational risk, whereas non-financial risks mainly cover legal and compliance risks. The Company has developed its systems of internal control and risk management for its needs and to mitigate the risks. Both the Directors and management have periodically assessed and reviewed the effectiveness of the Group's internal control system. A formal policy has been established in light of business risk, and it offers clear guidance on practical considerations for setting credit lines, trading limits, concentration limits, and procedures for investigating possible breaches. The policy also addresses the quality, liquidity, and volatility of securities collateral, as well as the credit worthiness of clients. In order to quickly detect and reduce risk exposure, a credit committee has been established to oversee and administer a strong control structure that includes stress testing, credit risk analysis, and collateral assessment. In reviewing the company's risk and management control systems in 2025, the Board first concluded that there was insufficient awareness and comprehension of "connected transactions" and financial risks concerns. Former directors Mr. Shi Zhu, Mr. Li Dapeng, Ms. Liu Yundi, and Mr. Zhu Zheping were either departed or resigned, Miss Cheung Ka Yi, Mr. Lu Weixing, Mr. Lu Lin, Mr. Wang Han, and Ms. Jiang Tiancui are nominated and appointed as the Company's Directors recently. They have vast backgrounds and skillset in asset management, banking and finance, legal compliance, and distressed assets management. They can help the Company reduce its risks by offering diversity of advice, exploring business opportunities and sharing their expertise on business-related issues.

In light of the results reviewed by our Investigation Committee, which comprises our independent non-executive directors, regarding the incident involving the loan to Capital Realm Financial Holdings Group Limited, the Board has suggested implementing the following procedures or measures to strengthen and improve risk and internal control of the Company, thereby preventing the occurrence of similar incidents.

The Board has approved and determined the following remedial measures following the incident:

- (1) introduced a formal policy requiring all counterparties to material transactions, that meet or exceed HK\$1 million, such as loans, investments, acquisitions, disposals or other significant agreements, to provide written confirmation of their independence. This confirmation must make it clear that the counterparty is not a connected person as that term is defined in Chapter 14A of the Listing Rules, does not collaborate with any director, CEO, significant shareholder, or their associates, and is not associated with the Company in any other way. This written confirmation of independence will be included in the binding agreement and must be received prior to any blinding agreement being reached.
- (2) introduced an ongoing monitoring mechanism over the Company's shareholding structure. The Company would promptly review the new disclosure of interests notices once it receives email notifications that new notices have been filed through the DION system. In addition, there would be bi-weekly reviews of both the share registrar's reports and disclosure of interest's notices. The findings of the reviews would be reported to the compliance team and the board of directors of the Company. The board of directors would promptly review the shareholding changes, and assess whether such changes would trigger any Listing Rules compliance obligations on the part of the Company; and
- (3) introduced a system to remind substantial shareholders of their disclosure of interests filing obligations. The Company would send periodic reminders to the substantial shareholders identified through the bi-weekly reviews (set out in (ii) above), reminding them of their filing obligations in case of shareholding changes. This is to ensure that the information which the Company obtains from the bi-weekly reviews is up-to-date.
- (4) a training session was arranged to explain the incident, introducing stringent KYC procedures for clients and identify potential connected persons.

Corporate Governance Report

The Company conducted a review for the need of setting up an internal audit department. Given the Company's simple operating structure and cost concern, the Board decided to take direct responsibility for the Company's internal control system and to evaluate its efficacy. The Board believes that the Group's current internal control and risk management systems are deemed sufficient and efficient. The Board will conduct periodically reviews so as to improve the risk management and internal control systems.

Investors' Relations

The Company has encouraged two ways of communications with both its investors and shareholders. Extensive information about the Company's activities is provided in our interim and annual reports which are sent to the shareholders. Enquiries from individuals on matters relating to their shareholdings or the business of the Company are welcomed and are dealt with in an informative and timely manner. In order to promote effective communication, the Company keeps its website up to date with financial and other information about the Group and its operations in an effort to facilitate efficient communication.

The Board's review of the implementation and effectiveness of the shareholders' communication policy conducted is satisfied during the year. There is no significant changes in the Company's constitutional documents during the year at end of 31 December 2025.

Shareholders' Rights to Nominate a Director

If a shareholder of the Company (the "Shareholder") wishes to propose a person other than a director, (the "Director") for election as a new Director of the Company, the Shareholder must send a written notice (the "Notice") to the principal place of business of the Company in Hong Kong at Room 1608, 16/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong, or the branch share registrar of the Company, Tricor Investor Services Limited ("Share Registrar"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Central, Hong Kong, for the attention of the company secretary of the Company (the "Company Secretary").

The Notice must state clearly the name, the contact information of the Shareholder and his/her/their shareholding, the full name of the person proposed for election as a Director, and the person's biographical details and information required by the Listing Rules, such as previous directorships and experience. Such Notice must be signed by the Shareholder concerned (other than the person to be proposed), accompanied by a letter of consent (the "Letter") signed by the person proposed to be elected on his/her willingness to be elected as a Director.

The period for lodgment of the Notice and the Letter will commence no earlier than the day after the despatch of the notice by the Company of the general meeting arranged for election of Directors and end no later than seven (7) days prior to the date of such general meeting.

The Notice will be verified by the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Nomination Committee and the Board to consider to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

Shareholders' Rights on Convening an Extraordinary General Meeting

Pursuant to article 64 of the Articles of Association of the Company, any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company and carrying the right of voting at general meetings of the Company, shall at all times have the rights, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requested shareholder(s) ("Requested Shareholders") himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requested Shareholders as a result of the failure of the Board shall be reimbursed by the Company.

Corporate Governance Report

Enquiries to the Board

Shareholders may send an enquiry to the Company's Company Secretary who is responsible for forwarding communications relating to the Board or ordinary business matters, such as suggestions, inquiries and complaints, to the Directors of the Company, provided that such information is publicly available. Shareholders may also send their enquiries to our enquiry email at enquiry@pinestone.com.hk or send them directly to our office at Room 1608, 16/F., Nan Fung Tower, 88 Connaught Road Central, Hong Kong.

Putting forward proposals at a general meeting

Shareholders are welcome to put forward proposals relating to the operations and management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the company secretary at our office or the Share Registrar "Tricor Investor Services Limited" at the abovementioned address of the Company by written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Shareholders' Rights on Convening an Extraordinary General Meeting" above.

Directors' Responsibility

The Directors acknowledge their responsibilities for preparing the financial statements of the Company are to give a true and fair view and comply with the Listing Rules Appendix C1 D.1.3., HKFRS, other regulatory requirements and accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as at 31 December 2025. Accordingly, the Directors have prepared the consolidated financial statements for the year ended 31 December 2025 on a going concern basis.

Dividend Policy

The Company has approved and adopted a dividend policy on 20 November 2019 (the "Dividend Policy"). The Dividend Policy aims at enhancing transparency and facilitating the Shareholders ("Shareholders") and investors to make informed investment decisions relating to the Company. Under the Dividend Policy, the Board may consider declaring and paying dividends to the Shareholders out of the Company's distributable funds. Such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board, subject to the requirements of all applicable laws and the Bye-laws of the Company. The Company does not have any pre-determined dividend payout ratio. In deciding whether to propose or declare a dividend and in determining the dividend amount and means of payment, the Board shall take into account the following factors of the Group, among others:

- (a) financial results;
- (b) cash flow situation;
- (c) future operations and earnings;
- (d) capital requirements and expenditure plans;
- (e) interest of shareholders;
- (f) any restrictions on payment of dividends; and
- (g) any other factors that the Board may consider relevant.

The Board determined that the Company would not pay any dividends for the financial year 2025 (2024: nil) in light of its financial results and to save more cash for future business operations.

Biography of Directors and Senior Management

Co-Chairman

Mr. Lu Weixing, (“Mr. Lu”) aged 46, has been appointed as the Co-chairman and a non-Executive Director of our Company on 23 October 2025. Mr. Lu graduated from Fudan University in 2002 and joined Alibaba Group in 2005. He served as a Vice President of Alibaba Group and concurrently as the General Manager of the Alibaba Auction Business Division (阿里拍賣事業部總經理) and the Alibaba Assets Business Division (阿里資產事業部總經理). Mr. Lu Weixing has over 15 years of experience in asset trading, operations and services with a strong track record of delivery. Mr. Lu Weixing pioneered a global online model for asset transactions, serving more than 300 million consumers annually and providing long-term platform services to approximately 3,500 courts, 3,300 financial institutions and 1,000 government agencies. Mr. Lu is a pioneer of online auctions in China and a forerunner in global online asset transaction. Mr. Lu is the beneficial owner, holding 5,760,000 shares or approximately 9.46% of the Company via Group Target Limited, an investment holding company incorporated in British Virgin Islands as at 31 December 2025.

Mr. Lee Chun Tung (“Mr. Lee”), aged 54, was redesignated from chairman and executive Director to as Co-chairman, working together with Mr. Lu on 23 October 2023. Mr. Lee has been appointed as an executive Director on 14 September 2022. Mr. Lee has over 20 years of experience in investment banking, financial services and securities companies. Mr. Lee obtained his Master’s degree of science in financial engineering from City University of Hong Kong in 2007 and the Bachelor’s (Honour) degree in accounting and finance from Manchester Metropolitan University in 1994. Mr. Lee is currently under the employment of Woso Finance Limited as Business Development Manager since June 2022, and Mr. Lee has been appointed as an independent non-executive Director for China Uptown Group Company Limited (whose shares are listed on main board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (stock code: 2330)) since June 2022.

Executive Director

Mr. Wang Han (“Mr. Wang”), aged 37, was appointed as an executive Director and chief executive officer of the Company on 2 June 2025. Mr. Wang obtained his Master’s degree in Project Management of science from University of Central Lancashire in October 2011. Mr. Wang has been serving as assistant general manager at Hong Kong Jinsheng Secretarial Services Limited* (香港金盛秘書服務有限公司) since April 2023. Mr. Wang was the general manager at Ruili (Shenzhen) Asset Management Co., Ltd.* (瑞利(深圳)資產管理有限公司) from January 2019 to April 2020. From June 2018 to December 2018, Mr. Wang served as vice president at Guanfu Holding Co., Ltd.* (冠福控股股份有限公司). Mr. Wang also worked as deputy general manager at Qianhai Ruishun Investment Co., Ltd.* (深圳市前海瑞松投資有限公司) from April 2018 to June 2018. From February 2012 to March 2018, Mr. Wang was employed at China Construction Bank’s Luohu Branch.

Miss Cheung Ka Yi (“Miss Cheung”), aged 35, has joined as a Director of Pinestone Securities Limited since September 2022. She has assumed management position in the company’s administration, operation and control. Miss Cheung is also a key member of the credit committee. In 2013, she earned a BSc (Hons) in Investment Science from Hong Kong Polytechnic University. Upon graduation, she had taken executive positions with World Universal (International) Limited, and the Hong Kong Monetary Authority previously.

Biography of Directors and Senior Management

Non-Executive Directors

Mr. Lau Chun Hung, (“Mr. Lau”), aged 29, was appointed as a non-executive Director and one of the authorized representatives of the Company on 30 December 2024. Mr. Lau has extensive years’ experience in corporate finance, IPOs, privatizations, and mergers and acquisitions across various ventures and projects, with a deal portfolio encompassing listed companies in Hong Kong and the United States. He is also a licensed person registered under the SFO (Chapter 571 of the Laws of Hong Kong) to conduct Type 6 (advising on corporate finance) regulated activity. Since November 2024, he has served as the responsible officer for Type 6 (advising on corporate finance) regulated activity at Silverbricks Securities Company Limited, a licensed corporation registered under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), and Type 6 (advising on corporate finance) regulated activities. Mr. Lau earned his bachelor’s degree in Economics from the Chinese University of Hong Kong in December 2018. Prior to joining the Company, Mr. Lau was (i) a licensed representative of VBG Capital Limited, a licensed corporation registered under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, from February 2019 to April 2023; and (ii) a licensed representative of Silverbricks Securities Company Limited from June 2023 to November 2024.

Mr. Lu Weixing, (“Mr. Lu”), aged 46, was appointed as a non-executive Director and co-chairman of the Company on 23 October 2025. Mr. Lu graduated from Fudan University in 2002 and joined Alibaba Group in 2005. Mr. Lu served as a Vice President of Alibaba Group and concurrently as the General Manager of the Alibaba Auction Business Division (阿里拍賣事業部總經理) and the Alibaba Assets Business Division (阿里資產事業部總經理). Mr. Lu has over 15 years of experience in asset trading, operations and services with a strong track record of delivery. He is a pioneer of online auctions in China and a forerunner in global online asset transaction. Mr. Lu established Alibaba Auction* (阿里拍賣) in 2012, which has grown into a leading global online auction platform, and founded Alibaba Assets* (阿里資產) in 2015, which has developed into a leading online platform for asset transactions. Mr. Lu held 5,760,000 shares or approximately 9.46% of the Company via Group Target Limited, an investment holding company incorporated in British Virgin Islands as at 31 December 2025.

Mr. Lu Lin, (“Mr. Lu”) aged 66, was appointed as a non-executive Director of the Company on 23 October 2025. Mr. Lu is a partner of Grandall Law Firm (Shenzhen)* (國浩律師(深圳)事務所) and the head of its insolvency practice team. He is a Class I Administrator for insolvency cases recognized by the High People’s Court of Guangdong Province* (廣東省高級人民法院). Mr. Lu serves as Vice President of the Guangdong Bankruptcy Administrators Association, Adviser to the Bankruptcy and Liquidation Law Committee of the Guangdong Lawyers Association, Director of the Guangdong Bankruptcy Law Society, and Adviser to the Committee on Corporate Dissolution and Bankruptcy Liquidation of the Shenzhen Lawyers Association. Mr. Lu is a member of the International Insolvency Institute, an arbitrator of the Shenzhen Court of International Arbitration and the Guangzhou Arbitration Commission, and an external expert to the Supreme People’s Procuratorate* (最高人民檢察院) on civil and administrative cases. Mr. Lu previously served as Chairman of the Bankruptcy and Liquidation Law Committee of the Guangdong Lawyers Association and Chairman of the Committee on Corporate Dissolution and Bankruptcy Liquidation of the Shenzhen Lawyers Association. Mr. Lu holds a Doctor of Laws (Ph.D.) in Criminal Law from Jilin University and a Master of Laws (LL.M.) from Chicago-Kent College of Law, Illinois Institute of Technology, United States. Since commencing practice, Mr. Lu has completed over one hundred matters involving bankruptcy liquidation, reorganization, and non-bankruptcy liquidation.

Biography of Directors and Senior Management

Independent Non-Executive Directors

Mr. Lau Kelly (“Mr. Lau”), aged 47, was appointed as an independent non-executive Director on 2 September 2022. Mr. Lau has more than 11 years of experience in business management and regulatory compliance. He has worked with the Hong Kong Police Force for twelve years between December 1998 and July 2010, receiving commendations from Secretary of Civil Service and Secretary of Home Affairs for highly rated performances during his tenure. Subsequently, Mr. Lau worked with Easy Finance Limited as principal consultant between May 2011 and October 2015, responsible for all regulatory and legal compliances. Mr. Lau was also an executive director, chief executive officer, compliance officer and authorized representative for hmvod Limited, a company listed on the GEM of the Stock Exchange of Hong Kong Limited (stock code: 8103) between December 2015 and December 2020.

Mr. Wong Chun Peng Stewart (“Mr. Wong”), aged 59, was appointed as an independent non-executive Director on 7 September 2022. Mr. Wong has more than 27 years of experience in the legal industry. Mr. Wong worked at Deacons Graham & James as a trainee solicitor from August 1993 to July 1995 and became an associate solicitor in the China Practice Group from August 1995 to December 1996. Mr. Wong was qualified as a solicitor of the High Court of Hong Kong in September 1995. Mr. Wong has practised law in a number of international firms such as Deacons (posting as a representative in Beijing, the PRC) from September 2002 to March 2005, Baker McKenzie from January 2007 to July 2009 and Hogan Lovells from February 1999 to March 2002, and has worked as in-house counsel in two listed companies in Hong Kong, namely Dickson Concepts (International) Limited, which is listed on the Main Board of the Stock Exchange (stock code: 0113) and Samsonite International S.A., which is also listed on the Main Board (stock code: 1910), from August 2009 to May 2013 and May 2013 to January 2016, respectively. Mr. Wong also practised as a consultant in law firms such as YTL & Co. from February 2017 to July 2018 and AH Lawyers from April 2020 to September 2020. Mr. Wong has been a principal of Stewart Wong & Associates, which is a law firm where he has been involved in the provision of a wide array of legal services, including mergers and acquisitions, litigation and general commercials. Mr. Wong graduated from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) with a bachelor’s degree of law with first class honours in November 1991. He also obtained his master’s degree in law from the University of Cambridge in England in June 1993.

Mr. Cheng Man Pan (“Mr. Cheng”), aged 56, was appointed as an independent non-executive Director, on 14 November 2022. Mr. Cheng worked at KPMG Peat Marwick as audit supervisor from September 1992 to June 1996. He has worked at CCT Telecom as a senior project manager from December 1997 to March 1998. Mr. Cheng has worked as a chief financial controller in Celestial Asia Securities Holdings Limited (whose shares are listed on mainboard of the Stock Exchange (stock code: 1049)) from March 1998 to June 2004. He has worked as a chief operating officer and a executive Director for CASH Financial Services Group Limited (whose shares are listed on mainboard of the Stock Exchange (stock code: 510)) from June 2004 to April 2008, then he was served under CASH Financial Services Group Limited as a managing director of retail business group and executive Director for CASH Financial Services Group Limited from May 2008 to June 2011. He also worked as a managing director of China business development and executive Director from July 2011 to September 2012 and practiced as a managing director of investment services and executive Director from October 2012 to December 2013 for CASH Financial Services Group Limited. Mr. Cheng was a director of Maroubra Assets Limited from December 2014 to June 2021. He becomes a founder and managing director of Macqueen Asset Management Limited, a licensed corporation registered under SFO to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities, starting from June 2021 to now. Mr. Cheng obtained his bachelor’s degree in Accounting in 1992 from City University of Hong Kong and his executive master’s degree of Business Administration in 2013 from the Chinese University of Hong Kong.

Biography of Directors and Senior Management

Ms. Jiang Tiancui, (“Ms. Jiang”) aged 51, was appointed as an independent non-executive Director on 23 October 2025. Ms. Jiang has over two decades of experience spanning judiciary, corporate legal management, and technology-sector operations. Ms. Jiang served at Alibaba Group for 8 years as a Senior Specialist since October 2016. Earlier in her career, Ms. Jiang served as a Judge at the Zhejiang High People’s Court* (浙江省高級人民法院) for over a decade from September 2001 to July 2014. Ms. Jiang earned her Bachelor’s degree from Inner Mongolia University in 1996. She obtained a Master of Laws from Renmin University of China in 2001 and another Master of Laws from the University of Glasgow in 2015. Ms. Jiang has confirmed that she met the independence criteria set out in Rule 3.13 of the Listing Rules in 2025.

Senior Management

Mr. Lee Tai Tong (“Mr. Lee”), aged 53, joined our group in October 2022 and has acted as a Responsible Officer of Pinestone Securities Limited since November 2022. Mr. Lee has been licensed by SFC to carry out Type 1 (dealing in securities) regulated activity since June 1997. Mr. Lee has over twenty years of experience in the securities industry. He had worked at National Resources Securities Ltd., Magusta Securities Ltd., First Shanghai Securities Ltd., and Ewarton Securities Ltd. Mr. Lee previously held executive positions or served as a director at 8 Securities Ltd. (SoFi HK) and Prior Securities Ltd. Mr. Lee is responsible to liaise with SFC, directs and oversees the overall operations of the type 1 regulated activity. He earned a Bachelor of Commerce degree at Saint Mary’s University of Canada in 1994.

Company Secretary

Mr. Au Kin Kee Kinson, (“Mr. Au”) aged 61, joined our Group in November 2015 as our Director of Finance and Company Secretary. His major responsibilities are to review the finance and accounting functions and oversee financial reporting matters of our Group. Mr. Au has over fifteen years of experience in the securities industry. He worked in OSK Asia Securities Limited from September 1992 to April 1997. His last position was research manager. He joined Asia Financial (Securities) Limited as research manager from June 1997 to June 2015. He then joined Gartner Inc. as client relationship manager from June 1997 to June 2015. Mr. Au is an associate member of the Hong Kong Chartered Governance Institute. According to the requirements of Rule 3.29 of the Listing Rules, Mr. Au undertook no less than 15 hours of relevant professional training during the year ended 31 December 2025.

Directors' Report

The Directors are pleased to present their report and the audited consolidated financial statements of the Pinestone Capital Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025.

Principal Activities

We provide a range of financial services which are tailor-made to suit the needs of each of our clients, both individual and corporate. Our revenue is primarily derived from (i) commission from our brokerage services; (ii) interest from our securities-backed lending including margin financing and money lending services; and (iii) commission from our placing and underwriting services.

Corporate Reorganisation

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability on 14 January 2015. Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the subsidiaries now comprising the Group on 12 May 2015. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" section to the Company's prospectus. The Company issued and placed 120,000,000 new shares of HK\$0.01 each at a subscription price of HK\$0.50 per share. The Shares of the Company were listed on GEM of the Stock Exchange with effect on 12 June 2015. On 15 March 2016, the Company held a stock split of 10-for-1 shares as to increase the liquidity of the shares of the Company. On 2 June 2016, the Company placed 110,000,000 new shares at the placing price of HK\$0.55 each to raise approximately HK\$60.5 million. On 8 June, 2017, the Company successfully transferred from GEM to list its shares to trade on the Main Board of the Stock Exchange. On 21 October 2022, the Company underwent a 20-for-1 shares consolidation to comply with the trading requirements at the extremities under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares. On 8 November 2022, the Company placed 45,118,900 new shares of HK\$0.02 each at the placing price of HK\$0.32 to raise approximately HK\$14.29 million. On 10 July 2023, the Company raised approximately HK\$30.46 million (gross) or approximately HK\$29.95 million (net) from a rights issue on the basis of one (1) rights share @HK\$0.225 per share for every two (2) existing shares. Total issued shares of the Company was 406,070,100 immediately after completion of the rights issue. On 18 December 2024, the Company entered into a placing agreement to which the Company placed a maximum of 81,210,000 placing Shares issued under the generate mandate to not less than six independent Placees at a price of HK\$0.176 per placing share. Total number of issued shares of HK\$0.02 each of the Company increased to approximately 487,280,100. On 18 August 2025, the Company implemented a capital reorganization of 20-for-1 share consolidation par value HK\$0.02 each in the issued and unissued share capital of the Company. Total number of issued shares of the Company was reduced to 24,364,005 shares of par value HK\$0.40 each. Following the 20-for-1 share consolidation, the Company underwent a 3-for-2 rights issue at HK\$1.66 per rights share and successfully raised HK\$57.6 million after deduction of expenses. As of 14 October 2025, total number of issued shares of the Company was increased to 60,910,013 shares of par value of HK\$0.40 each.

Financial Statements and Appropriations

The financial performance of the Group for the year ended 31 December 2025 and the financial position of the Group at that date are set out in the consolidated financial statements from pages 82 to 131 of this annual report.

The Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2025 (2024: nil).

The Company did not pay any interim dividend for the first six months ended 30 June 2025 (2024: nil).

Directors' Report

Share Capital

Details of movements in the Company's share capital during the year are set out in note 25 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in the Group's property, plant and equipment during the year are set out in note 15 to the consolidated financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

Purchase, Sale or Redemption of Listed Shares

During the year ended 31 December 2025, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of its listed shares of the Company.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

As at 31 December 2025, the Company's reserves available for distribution amounted to approximately HK\$169.4 million (31 December 2024: HK\$131.0 million). Details of distributable reserve of the Company are set out in note 26 to the Financial Statements.

Directors

The Directors of the Company during the year ended 31 December 2025 and up to the date of this report are:

Co-Chairman

Mr. Lee Chun Tung (李鎮彤) (appointed as chairman on 2 June 2025 and was redesignated to co-chairman on 23 October 2025)

Mr. Lu Weixing (盧維興) (appointed on 23 October 2025)

Mr. Li Dapeng (李大鵬) (resigned vice-chairman and an executive Director on 10 January 2025)

Executive Directors

Mr. Lee Chun Tung (李鎮彤)

Mr. Wang Han* (王涵) (appointed on 2 June 2025)

Miss Cheung Ka Yi (張嘉兒) (appointed on 2 June 2025)

Mr. Li Dapeng[#] (李大鵬) (resigned on 10 January 2025)

Ms. Liu Yundi (劉雲娣) (resigned on 29 May 2025)

Mr. Zhu Zheping[@] (朱哲平) (retired on 30 May 2025)

* also served as Chief Executive Officer ("CEO")

[@] re-designated from Chairman to Co-Chairman on 26 February 2025)

Directors' Report

Non-executive Directors

Mr. Lau Chun Hung (劉鎮雄)

Mr. Lu Weixing (盧維興) (appointed on 23 October 2025)

Mr. Lu Lin (盧林) (appointed on 23 October 2025)

Mr. Shi Zhu^s (石柱) (redesignated to co-chairman on 26 February 2025 and retired on 31 May 2025)

Independent Non-Executive Directors (INEDs.)

Mr. Lau Kelly (劉基力)

Mr. Wong Chun Peng Stewart (黃俊鵬)

Mr. Cheng Man Pan (鄭文彬)

Ms. Jiang Tiancui (姜天萃) (appointed on 23 October 2025)

^s appointed as Co-Chairman on 26 February 2025)

Board of Directors and Senior Management

Biographical information of Directors and senior management of the Group are set out from pages 42 to 45 of this annual report.

Directors' Service Contracts

All the Directors have entered into a service contract with our Company for a term of 3 years commencing, which may be terminated by not less than 3 months' notice in writing served by either party to the other and subject to retirement by rotation of directors during the AGM annually.

Permitted Indemnity Provision

During the year, the Company has arranged for appropriate insurance covering Director's and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622, Laws of Hong Kong) when the Directors' Report prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance (Chapter 622, Laws of Hong Kong).

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2025, the Directors and chief executives of the Company and/or any of their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (which has the same meaning as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO.

Directors' Report

Long positions in the ordinary shares of the Company:

Name of Director/chief executives	Number of shares interest and nature of interests		Approximate percentage of shareholding (%)
	Personal	Corporate	
Lu Weixing	–	5,760,000	9.46

Note:

1. Mr. Lu Weixing, co-chairman and a non-executive Director of the Company, wholly owned Group Target Limited (an investment holding company incorporated in the British Virgin Islands), which holds 5,760,000 shares of the Company.
2. As of 31 December 2025, total issued shares of the Company were 60,910,013 shares.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO.

Directors' Interests in Significant Transactions, Arrangements and Contracts

Save for those disclosed in note 31, there is no transaction, arrangement or contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party and in which a Director of the Company or an entity with him has or had a material interest, whether directly or indirectly, subsisted at any time during the year 2025.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' Interests in Shares and Underlying Shares" above and "Share Option Scheme" below, at no time during the year ended 31 December 2025 as the Company, or any of its subsidiaries or associated corporations, a party to any arrangement which enables the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

Directors' Report

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2025, substantial shareholders (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the ordinary shares of the Company:

Name of Shareholders	Capacity and nature of interests	Notes	Total	Approximate Percentage of the total issued share Capital of the Company ³
Group Target Limited	Directly beneficially owned	1	5,760,000	9.46%
ULTIMATE VANTAGE GROUP LIMITED	Directly beneficially owned	2	4,841,813	7.95%

Note:

- Group Target Limited is an investment holding company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Lu Weixing. Mr. Lu Weixing is deemed to be the beneficial owner of 5,760,000 shares or approximately 9.46% of the total issued Shares of the Company by virtue of the Securities and Futures Ordinance. Mr. Lu Weixing is co-chairman and a non-executive Director of the Company.
- ULTIMATE VANTAGE GROUP LIMITED is 100% wholly-owned by Mr. Zeng Wenling, who is the sole beneficial owner of 4,841,813 shares or approximately 7.95% out of the total issued 60,910,013 shares after completion of the Rights Issue and the Placing of the Company.
- As of 31 December 2025, total issued shares of the Company were 60,910,013 shares.

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 31 December 2025, had an interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The purpose of the Share Option Scheme is a share incentive scheme and is established to (i) motivate the Eligible Participants (including employees, executives, officers of the Group and any advisors, consultants, agents, customers, and such other persons who, in the sole opinion of the board of directors ("Board"), will contribute or have contributed to the Group) for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group. Pursuant to resolutions passed by the shareholders of the Company on 22 May 2015, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme"). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period commencing on the listing date, i.e. 12 June 2015 (the "Listing date") and ending on the tenth anniversary of the Listing Date. The Existing Share Option Scheme had a term of 10 years from its adoption date and was terminated on 12 June 2025. Since the expiration of the Existing Share Option Scheme, no further share option schemes have been introduced or offered. As of the date of this annual report, no share options have been granted and there are no share options that remain outstanding.

Directors' Report

Remuneration of Directors, Senior Management and Five Individuals with Highest Emoluments

Details of the emolument of the Directors, senior management and five individuals with highest emoluments are set out in note 11 to the consolidated financial statements.

Competing Interest

The Directors are not aware of any business that they themselves are currently conducting or are being conducted by connected or related parties during the year.

Related Party Transactions

Details of the related party transactions are set out in note 32 to the consolidated financial statement. These transactions also constitute de minimis continuing connected transactions and exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios, defined in Listing Rules 14A.07 and calculated with reference to each of the Dealing Annual Caps and the Financing Annual Caps on an annual basis, are less than 5.0% (and the annual consideration is less than HK\$3,000,000), the transactions contemplated under the Brokerage Service Agreements and the Margin Financing Service Agreements will fall within the exemption under Chapter 14A and be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence in accordance with Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

Dividend Policy

The Company will evaluate its dividend payment each year in light of its financial position, the prevailing economic environment and business performance. The determination of dividends distributions will be made at the sole discretion of the Board after considerations of the Company's operations and earnings, development, cashflows, financial positions, capital and other reserve requirements, surplus and other conditions or factors, which the board deems relevant.

Dividends

The Directors do not recommend the payment of final dividend for the year ended 31 December 2025. (31 December 2024: nil)

The Company did not pay any interim dividend for the six months ended 30 June 2025 (30 June 2024: nil)

Total dividends paid by the Company for the year ended 31 December 2025 were nil (2024: nil.)

Events After the Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of this report.

Corporate Governance

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules. A report on the principal corporate governance practices adopted by the Company has set out from pages 31 to 41 of this annual report.

Directors' Report

Auditors

The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by the Company's auditor, BDO Limited, who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting ("AGM"). A resolution for the re-appointment of BDO Limited as auditor of the Company will be proposed at the AGM.

Annual General Meeting

The AGM for the financial year 2025 of the Company is scheduled to be held on 5 June 2026 at Room 1608, 16/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong, Hong Kong and a notice of AGM will be published and despatched in due course.

On behalf of the Directors

Lee Chun Tung

Executive Director

Hong Kong, 27 March 2026

Environmental, Social and Governance Report

Introduction

As a Hong Kong based financial institution engaged in securities brokerage, securities backed lending and placing and underwriting business, Pinestone Capital Limited and its subsidiaries (the "Group") are pleased to present this Environmental, Social and Governance ("ESG") Report. This report aims to give our stakeholders a more comprehensive understanding of our practices and performance in the context of ESG.

Statement from the Board

The Group believes that sound ESG governance strategies and practices are the keys to enhancing its investment value, thereby bringing long-term returns for its stakeholders. To further integrate the principle of sustainable business into our business development strategy, our board of directors (the "Board") has been responsible for the evaluation, prioritization and management of ESG-related issues.

This year presented challenges as the Group experienced an increase in overall GHG emissions compared to last year. Despite this, we recognize the dedication of our staff across various business units and the implementation of energy conservation measures. As a green company, the Group will continue to encourage employees to lower electricity consumption and revise these energy conservation measures to reduce the GHG emissions in the future.

The health and safety of our employees remains our utmost priority. Our management has been on the alert of any the new pandemic after the COVID-19 epidemic and incorporating various safety measures into the business operations. Periodically, we conducted meetings with the employees in different business lines especially the frontline staffs to evaluate whether the Company's existing safety measures are sufficient. Our internal health guidelines have also been updated regularly. This ensures that the working environment for our staffs are safe and the stable provision of our business operations.

Going forward, the Group will strive to reduce the carbon footprint through implementing other internal ESG controls and adopting ESG risk management measures. In parallel, the Group will strive to further promote the theme of diversity in the workforce. The Board also recognizes the importance of climate-related risks and opportunities to the Group's long-term sustainability and is committed to enhancing climate risk governance and disclosure practices.

Scope of Report

The report focused on the securities brokerage, securities-backed lending, placing and underwriting business principally engaged by the Group in Hong Kong.

The scope of disclosure will be expanded gradually to cover all of our operations upon further development of the Group's ESG practices. ESG data from vendors or service providers is not included due to the difficulty of verifying with available resources.

Reporting Period

The information stated in this report covers the period from 1 January 2025 to 31 December 2025 (the "Reporting Period") which aligns with the financial year as the 2025 annual report of the Group.

Environmental, Social and Governance Report

ESG Governance Structure

The structure of ESG governance mainly comprised of two components, namely the Board and the ESG working group (the "Working Group").

The Board holds the overall responsibility for the Group's ESG strategy and reporting, as well as overseeing and managing its ESG-related issues, including climate-related risks and opportunities. The Board is also responsible for setting targets and goals. In order to better evaluate, prioritise and manage the Group's ESG-related issues, the Board discusses and reviews the Group's ESG-related risks and opportunities, performance, progress, goals and targets periodically with the assistance of the Working Group. The Board also ensures the effectiveness of ESG risk management and internal control mechanism.

The Working Group is comprised of senior management and core members from different departments with adequate knowledge on ESG. If necessary, the Working Group also engages a third-party consultant for assistance. The Working Group facilitates the Board's oversight of ESG-related issues and has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The Working Group arranges meeting periodically to discuss and review ESG-related issues including but not limited to the effectiveness of current Group's performance, ESG policies and procedures, ESG-related performance, as well as the progress made against the Group's ESG-related goals and targets in terms of sustainable development. The Working Group reports to the Board periodically and assists the Board to discharge its oversight responsibility.

Reporting Framework

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "Listing Rules") on Main Board of Stock Exchange. With effect from 1 January 2025, Part D of the ESG Reporting Code sets out enhanced climate-related disclosure requirements (the "New Climate Requirements") which are based on IFRS S2 Climate-related Disclosures and align with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

In applying the New Climate Requirements under Part D of the ESG Reporting Code, the Group has made use of the implementation and reasonable information reliefs provided by the Exchange, taking into account its scale, business model and data availability. Where certain climate related disclosures (such as detailed quantitative scenario analysis or value chain metrics) are not yet available, the Group has explained the reasons and its plans to enhance disclosure over time.

Information relating to the Group's corporate governance structure and practices has been set out in the Corporate Governance Report of this annual report.

The Group attaches great importance to materiality, quantitative, balance, and consistency during the preparation for this ESG Report, the Group has applied these reporting principles in the aforementioned ESG Reporting Guide as the following:

Materiality: Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of this ESG Report. The materiality of issues was reviewed by the Board and the Working Group. Please refer to the sections headed "Materiality Assessment" for further details.

Environmental, Social and Governance Report

Quantitative: This ESG Report is prepared in accordance with the ESG Reporting Code and the key performance indicators (“KPIs”) are disclosed in a quantitative manner. Information regarding the standards, methodologies, assumptions and/or calculation references; and sources of key conversion factors used for KPIs is stated wherever appropriate.

Balance: This ESG Report was prepared based on an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall ESG performance of the Group.

Consistency: The statistical methodologies used in this ESG Report are generally consistent with those used in the previous year for meaningful comparisons. Any changes that may affect comparisons with previous reports will be described in the corresponding sections of this ESG Report.

Stakeholders Engagement

The Group strives to create positive values and believes that the interests of all stakeholders must be taken in account in order to strengthen relationship with our shareholders, employees, suppliers, customers, government authorities and the society as a whole.

Our approach to stakeholder engagement is designed to ensure that our stakeholders’ perspectives and expectations are fully understood to help define our current and future sustainability strategies.

The Group proactively engages with the key stakeholder groups in a variety of ways to ensure effective communication of our objective and progress in relation to the following areas of concern:

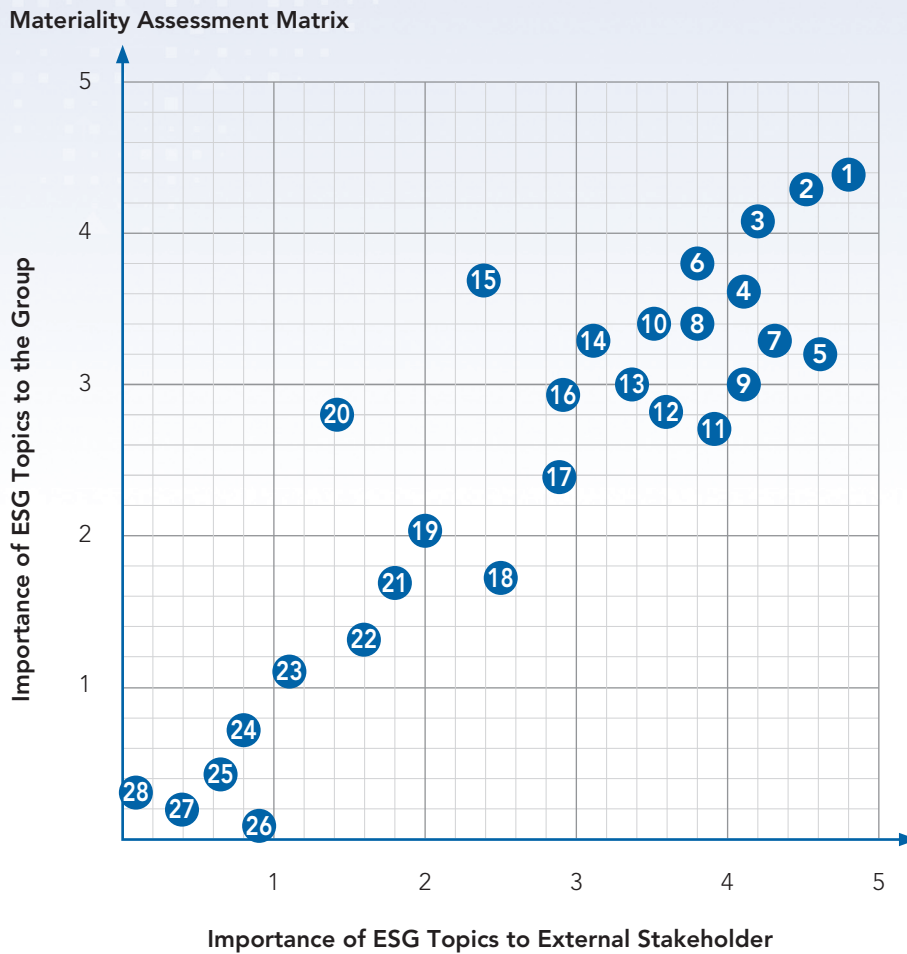
Major Stakeholder Engaged		Engagement Channel
Internal stakeholders	Investors and Shareholders	<ul style="list-style-type: none"> • Corporate announcements, circulars and press releases • Interim and annual reports • Investor meetings and annual general meetings
	Employees	<ul style="list-style-type: none"> • Bulletin Boards • Trainings and team building events • Business meetings and briefings • Annual appraisal meetings
External stakeholders	Suppliers	<ul style="list-style-type: none"> • Annual evaluation • Conferences, phone calls and emails • Regular Meetings
	Customer	<ul style="list-style-type: none"> • Daily communication with frontline employees • Customer feedback mechanism • Meetings and correspondences
	Public community	<ul style="list-style-type: none"> • Volunteering • Charitable activities
	Government and supervisory institutions	<ul style="list-style-type: none"> • Information disclosures • Major meetings and policy consultations • Institutional visits

Environmental, Social and Governance Report

Materiality Assessment

Following the communication with our Working Group, we assessed ESG issues relevant to the Group by considering their importance to our stakeholders as well as the Group. During the Reporting Period, internal and external stakeholders (including senior management, employees and suppliers) had participated in the Group’s materiality assessment which were conducted for the purpose of this ESG report.

The result of the materiality assessment is shown below:



Environmental, Social and Governance Report

Item	ESG Topic	Item	ESG Topic
1.	Customer satisfaction	15.	Product health and safety
2.	Customer information and privacy	16.	Employee development and training
3.	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	17.	Cultivation of local employment
4.	Anti-corruption policies and whistle-blowing procedure	18.	Mitigation measures to protect environment and natural resources
5.	Occupational health and safety	19.	Marketing communications (e.g. advertisement)
6.	Preventing child and forced labour	20.	Product and service labelling
7.	Anti-corruption training provided to directors and staff	21.	Use of materials (e.g. paper, packaging, raw materials)
8.	Observing and protecting intellectual property rights	22.	Energy use (e.g. electricity, gas, fuel)
9.	Environmentally preferable products and services	23.	Water use
10.	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	24.	Climate change
11.	Community support (e.g. donation, volunteering)	25.	Hazardous waste production
12.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers	26.	Greenhouse gas emissions
13.	Selection and monitoring of suppliers	27.	Non-hazardous waste production
14.	Diversity and equal opportunity of employees	28.	Air emissions

Through the materiality assessment, the material aspects had been identified for the Group, including but not limited to (i) Customer satisfaction, (ii) Customer information and privacy, (iii) Number of concluded legal cases regarding corrupt practices, e.g., bribery, extortion, fraud and money laundering, and (iv) Anti-corruption policies and whistle-blowing procedure. Similar to last year, the identified material aspects revolved around the social and corporate governance area.

Areas of Concern

As far as environmental management is concerned, though businesses of the Group in securities brokerage, securities backed lending, placing and underwriting businesses do not pose significant environmental risks, the Group has actively paid attention to reduce the use of natural resources in operations, and implement environmental control measures wherever practicable to minimise its impact on the environment.

In addition, in carrying out our placing and underwriting business, the Group always pays attentions to cooperate with companies that strive to minimise environmental impact and have good operating practices. The Group also encourages major customers to adopt the same principles and to invest in socially responsible vehicles.

Environmental, Social and Governance Report

As a listed and licensed corporation, the Group is mindful of the continuous development of the regulatory environment and have designed and implement a continuous system for collecting information regarding regulatory changes and ensuring that our directors, responsible officers, licensed representatives and other employees attend necessary training programs. This enables the Group to ensure that the employees are well equipped with the necessary industry knowledge, skills and professionalism to perform their duties in accordance with currently accepted practices, and ensure its compliance with the Guidelines on Continuous Professional Training published by the Securities and Futures Commission (the "SFC") pursuant to Section 399 of the Securities and Futures Ordinance, Cap 571 (the "SFO").

The Group has been expanding the securities-backed lending business through margin financing and money lending; the Group has developed proper risk management and good operating practices with a view to (i) work closely with our major customers to help them to understand the risks of margin trading; and (ii) ensure there are no over-lending to the customers and to specific stock collateral and individual borrower.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. You are welcomed to provide your suggestions or share your views with the Group through any channel below:

Email: enquiry@pinestone.com.hk
Website: <http://www.pinstone.com.hk>
Address: Room 1608, 16/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong
Phone: (852) 3728 0828

The following sections provide more information about the Group's practices in the areas of the environment, investment practices, employees' engagement and development, good operating practices and our contribution to the community.

A. Environmental

A1 Emissions

In order to seek long-term sustainability of the environment and to fulfil our social responsibilities, the Group has its policy to manage air and greenhouse gas emissions, energy consumption and waste disposal throughout its daily operations. With the aim of mitigating the direct and indirect environmental impacts caused by the Group's operations, the Group strives to enhance its employees' environmental protection awareness in their daily work practices and actively implements the Group's environmental protection measures.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to relevant air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during its daily operations.

Environmental, Social and Governance Report

GHG Emissions

The Group has minimal direct GHG emissions to the environment since its primary business is the provision of quality financial services.

During the Reporting Period, the Group's main contribution to the carbon footprint comes from the indirect GHG emissions of electricity consumption, primarily due to the use of office equipment in the workplace, including but not limited to the lighting systems, air-conditionings and office machineries.

Emissions	Units	2025	2024	Percentage Increase (+) or Decrease (-)
Total GHG emissions	tonnes	8.44	7.97	+6%
Total GHG emissions per floor area	tonnes/ft ²	Less than 0.01	Less than 0.01	+26%
Total GHG emissions per employee	tonnes/employee	0.34	0.30	+14%

In 2024 and 2025, the Group's total GHG emissions were approximately 7.97 tonnes and 8.44 tonnes respectively, representing an increase of about 6% or 0.47 tonnes. The increase mainly reflected higher electricity consumption in the new office premises during the Reporting Period. Scope 1 emissions are minimal as the Group does not own vehicles or operate facilities with direct combustion activities. Scope 2 emissions form the vast majority of the Group's carbon footprint and are primarily derived from purchased electricity.

Since the Company moved to a new office with a smaller floor area during 2025, the GHG emissions per floor area increased by 26%, reflecting both the reduced floor area and the higher electricity usage. The total GHG emissions per employee increased by 14% in the Reporting Period, mainly due to the decrease in the total number of employees.

With the aim of further developing emission reduction targets in the future, the Group will continue to assess and monitor the GHG emissions and other relevant environmental data regularly.

Hazardous Waste and Non-hazardous Waste

As the Group's primary business is the provision of quality financial services, its business did not produce the production of material amounts of hazardous waste and non-hazardous waste during the Reporting Period.

Although the Group does not generate significant amounts of hazardous waste and non-hazardous waste, the Group has established guidelines on the management and disposal of these wastes. In case there is any hazardous waste produced, the Group would engage a qualified chemical waste collector to handle such waste in compliance with the relevant environmental laws and regulations. For non-hazardous waste, they are preferred to be recycled, otherwise, they are sent for landfill or incineration.

Environmental, Social and Governance Report

A2 Use of Resources

The Group has established policy to govern the use of resources in order to achieve higher energy efficiency and reduce the use of unnecessary resources.

Energy Consumption

In order to achieve energy conservation and reduce GHG emissions, the Group has adopted a number of energy conservation measures to ensure the most efficient use of electricity, reduce emission of GHG and demonstrate our determination to protect our environment, including but not limited to the below:

1. Choose energy-efficient appliances, e.g. the use of T8 fluorescent tubes, being one of the most efficient light sources available;
2. Switch off air conditioning and lighting systems after office hours;
3. Advise employees to put their computers in hibernation mode and turn off all other office equipment when not in use;
4. Keep all the doors and windows closed when the air conditioners are in operation; and
5. Encourage teleconferences and internet-meeting practices to avoid unnecessary business travel.

Energy Consumption	Units	2025	2024	Percentage Increase (+) or Decrease (-)
Total energy consumption	kWh	9,235	8,754	+5%
Total energy consumption per floor area	kWh/ft ²	6.27	4.98	+26%
Total energy consumption per employee	kWh/employee	369.40	324.22	+14%

Compared to last year’s figures, the Group’s total energy consumption has increased by 5%. The total energy consumption per floor area have increased by 26%, which was due to the increase in total energy consumption in 2025 while the total office area decreased during 2025. The total energy consumption per employee has increased by 14%, which was due to the decrease in the number of employees. The Group will continue to maintain the efficiency of resource utilisation and gradually establish a quantitative target for future electricity usage based on resource utilisation in the current year.

The Group’s ability to use energy efficiently can be revealed by its intention and measures for the reductions in energy consumption. Energy consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. fluctuations in energy supply and prices). The Group’s policies and measures specific to managing energy use have been stated above. We consider such policies had been adopted and measures had been achieved for the year ended 31 December 2025.

Environmental, Social and Governance Report

Water Consumption

As a financial services provider, water is not significant to the Group's business operation. The water consumption level is minimal and is mainly used for employee's rehydration purposes as well as cleaning of the working environment. Additionally, the Group's office is positioned in the prime business district in Hong Kong in which the water fee is included in the overall management fees. As a result, the corresponding data is not relevant and not available for calculating the GHG emission as well as setting targets for water efficiency.

Despite this, we have encouraged employees to refer to the water conservation measures issued by the Water Supplies Department to reduce water consumption. In the Reporting Period, the Group did not note any issue in sourcing water for the Group's operation.

Paper Usage

In order to enhance environment protection, the Group has also followed a number of resources saving and efficiency measures to promote paperless office, including but not limited to the below:

1. Encourage employees to reduce the use of paper by assessing the necessity of printing before use;
2. Encourage double sides printing and the use of scrap papers in printing;
3. Use recycled paper for intra-group informal documents and draft papers;
4. Send electronic greetings over email or other forms of electronic applications, such as WhatsApp or WeChat, rather than faxing or writing; and
5. Encourage the shredding and recycling of documents that are no longer needed.

Paper Usage	Units	2025	2024	Percentage Increase (+) or Decrease (-)
Total paper consumption	Kilograms (kg)	603.9	457.3	+32%
Total paper consumption per employee	Kilograms (kg)/employee	24.16	16.94	+43%

During the Reporting Period, there has been an increase in the paper consumption level by 32% from 457.3 kg to 603.9 kg when compared to the previous year. Since the total number of employees decreased in 2025, the total paper consumption per employee increased by 43%. The Group strives to reduce the overall paper consumption level through implementing the above measures.

The major reason associated for the increase in paper consumption level in 2025 was mainly due to the increase of operational demand in the volume of documentation, leading to higher paper usage.

The Group will continue to implement the existing resources saving measures and explore new efficiency strategies, and encourage employees to take further actions to reduce paper usage.

Environmental, Social and Governance Report

Raw Material and Packaging Material

During the Reporting Period, there was no significant raw material or packaging material waste generated in view of the Group's business nature.

A3 The Environment and Natural Resources

Since our business is mainly office-based, the impact on the environment is minimal. The main environmental impact of the business is the indirect impact of carbon dioxide generated by power and paper usage in the daily activities of the business. The Group has taken steps to reduce its impact on the environment by adopting energy saving measures mentioned in A1 Emissions and A2 Use of Resources.

Investment Practices

The Group practices a set of principles when acting as a placing agent or an underwriter of fund-raising activities whereby the Group seeks to cooperate with companies with good practices in dealing with environmental, humanitarian and governance issues. Good business practices help to generate better profits and returns for investors, particularly in the long run. Companies that treat their workers and the environment with respect generally find themselves less burdened by regulatory issues, fines and lawsuits. The Group reads prospectuses and annual reports of these companies and take into account their transparency and accountability, the Group cares about who manages these companies and or who sits on their boards, the Group finds out how the companies are behaving with respect to environmental, social and workers' rights.

The Group seeks to work with companies that are environmentally conscious – those who (i) make efforts to reduce energy use, waste and pollution; (ii) give best efforts to conserve resources such as the use of recycled materials and minimise their paper communication; and (iii) extract natural resources in a responsible manner.

The Group looks for socially responsible companies, who (i) work with high-quality suppliers of high ethics standards; (ii) have high customers' satisfaction; (iii) interact the government and regulators with integrity; (iv) make decisions with a view to maximise positive effects and minimise negative effects on the community; and (v) make charitable contributions and provide support to the community.

The Group would like to work with companies that respect workers' and human rights, ensure health and safety in working conditions and the surrounding community and provide fair and equitable wages and benefit. Companies with good governance help to ensure long term success. The major corporate governance issues include financial reporting and other disclosures, investor relationship, executive compensation, conflict of interest and regulatory compliance. The Group shares the set of principles and best practices with our major customers and encourages them to apply the same principles when selecting companies to invest in.

Environmental, Social and Governance Report

A4 Climate Change

Climate Governance

The Board holds overall responsibility for overseeing the management of climate-related risks and opportunities that could materially impact the Group's business, strategy and financial performance. The Board receives regular updates from the Working Group on climate-related matters, including identification of potential climate-related risks and opportunities, and reviews the adequacy of the Group's climate risk management approach.

The Working Group is responsible for assessing and monitoring climate-related risks and opportunities, identifying areas where climate change may have implications for the Group's business, and evaluating the potential business impacts. The Working Group conducts regular reviews to assess whether existing controls and mitigation measures are adequate.

During the Reporting Period, the Board reviewed climate-related matters at least once a year as part of its regular risk management and business planning cycle, and additionally as necessary in response to regulatory developments and market changes. Climate-related risk and opportunity assessments form part of the Group's overall risk register and are considered alongside credit, market, operational and compliance risks when the Board approves the Group's annual business plan and capital allocation.

The Group does not currently have climate-related key performance indicators (KPIs) explicitly tied to remuneration of senior management. However, the Board acknowledges the value of such incentive mechanisms in driving climate-related objectives and will consider implementing climate-related KPIs in remuneration arrangements in future periods.

Climate Strategy and Transition Plan

As a financial services provider, the Group's primary exposure to climate change is through indirect channels. The Group's transition strategy is focused on two main areas:

1. **Operational Resilience:** The Group is committed to reducing its operational carbon footprint through continued implementation of energy conservation measures and monitoring of Scope 1 and Scope 2 GHG emissions. The Group will explore opportunities to transition to renewable energy sources and pursue energy efficiency improvements in its office operations.
2. **Client Engagement and Product Development:** Given the Group's role as a placing agent and underwriter, the Group actively encourages clients and companies in which clients invest to adopt sustainable business practices and transition to lower-carbon business models. The Group seeks to cooperate with environmentally conscious companies and promotes green finance opportunities.

Environmental, Social and Governance Report

Climate-Related risks and opportunities are considered in the Group's strategic planning by: (i) assessing potential impacts of physical and transition risks on client activity, lending portfolio quality and brokerage revenue over the defined time horizons; (ii) considering potential cost implications from changes in office location, business continuity arrangements and energy prices; and (iii) identifying opportunities to expand securities backed lending, placing and underwriting services to issuers and investors with strong climate and sustainability profiles. These considerations inform the Group's decisions on resource allocation, product development and capital expenditure, although climate related effects are not currently assessed as having a material quantitative impact on the Group's financial position.

The Group recognises the need to further refine its climate transition plan as regulatory expectations and market practices evolve. The Board will periodically review the Group's climate-related targets and associated measures and will provide updates, including any enhancements to the transition plan, in future ESG reports.

Climate-Related Risk Management

Governance and Organization

The Group's risk management framework addresses climate-related risks across different departments. The Working Group coordinates the identification and assessment of climate-related risks, supported by relevant departments such as Compliance, Operations and Finance.

Risk Identification and Assessment

The Group has conducted an assessment of climate-related risks that could materially affect the Group's business operations, strategy and financial performance. In addition to direct impacts on its own operations, the Group also considers climate-related risks and opportunities across its value chain, particularly in relation to key clients, counterparties, custodians, information technology service providers and landlords. Disruptions to, or strategic shifts by, these stakeholders as a result of climate-related developments may indirectly affect the Group's trading volumes, credit exposures and operating expenses, although such impacts are currently assessed as low.

The Group has identified the following principal climate-related risk categories:

Physical Risk:

- Acute physical risks – Severe weather events such as typhoons, floods and cyclones may disrupt business operations, damage office facilities, or prevent employees from reaching the office. These events may also affect the Group's clients and counterparties, potentially impacting the credit quality of lending portfolios and business relationships.
- Chronic physical risks – Long-term changes in weather patterns, including rising average temperatures and changing precipitation, may affect the stability and cost of electricity, water and internet services that the Group relies upon. Such changes could increase operational costs or disrupt business continuity.

Assessment: Given the Group's office-based operations in Hong Kong with limited physical infrastructure exposure, and Hong Kong's robust disaster management systems, acute and chronic physical risks are assessed as relatively low at this stage. However, the Group acknowledges potential indirect impacts through disruption to clients and suppliers, and will continue to monitor these risks.

Environmental, Social and Governance Report

Transition Risk:

- Policy and legal risks – Hong Kong’s commitment to the Paris Agreement and emerging climate policies, such as future carbon pricing mechanisms or emissions regulations, could create compliance obligations or increase operational costs. The Group needs to monitor developments in Hong Kong’s net-zero commitments and any sector-specific climate regulations.
- Technology risks – While technology does not play a major role in the Group’s primary business operations, the Group relies on information technology systems for business continuity. Transition to low-carbon technologies or changes in industry standards could require system updates or investments.
- Market risks – Green finance and sustainable investment products are emerging trends in the financial industry. The Group has the opportunity to develop green finance products and services to meet evolving client demand, though current market adoption remains limited.
- Reputation risks – Stakeholders increasingly expect companies to demonstrate commitment to climate action. The Group’s ability to manage climate-related risks and contribute positively to climate goals can enhance reputation and stakeholder confidence.

Assessment: Given the Group’s business model and regulatory environment, policy and legal transition risks are assessed as relatively low in the short to medium term. However, the Group recognizes the importance of actively monitoring regulatory developments and is prepared to adapt operations and business strategies as needed. Technology, market and reputation risks present opportunities for business innovation and stakeholder engagement.

Risk Responses and Controls

The Group has established the following controls and measures to address identified climate-related risks:

- Continuous monitoring of changes to Hong Kong’s climate policies and international climate agreements to ensure timely compliance with emerging regulations
- Implementation of energy conservation measures to reduce Scope 2 emissions and operational costs
- Regular assessment of business continuity arrangements to ensure resilience to acute weather events
- Engagement with clients and counterparties on sustainable business practices and climate risk management
- Development of potential green finance products to capture emerging market opportunities

Environmental, Social and Governance Report

Climate-Related Opportunities

The Group has identified the following key opportunities related to climate change:

1. **Green Finance Products:** As demand for green finance and sustainable investment grows, the Group can develop new products and services, such as green bond underwriting or sustainable investment advisory services, to capture this market opportunity.
2. **Energy Efficiency and Cost Reduction:** Continued investment in energy efficiency measures can reduce operational costs and contribute to the Group's carbon reduction goals.
3. **Stakeholder Engagement:** Demonstrating commitment to climate action enhances reputation and strengthens relationships with environmentally conscious investors and clients.
4. **Regulatory Leadership:** Early adoption of comprehensive climate disclosure and management practices can position the Group as a responsible corporate citizen, potentially creating competitive advantages.

Over the medium to long term, the Group expects that increasing investor focus on climate matters may support demand for securities brokerage, margin financing and placing and underwriting services in respect of issuers with robust climate strategies. The Group will monitor client demand for green and sustainability linked products and may tailor its product suite and marketing strategy accordingly.

Climate Resilience

During the Reporting Period, the Group conducted qualitative climate-related scenario analysis, commensurate with its size and risk profile, to assess the resilience of its business model and strategy over the short, medium and long term. The analysis considered two illustrative scenarios:

- an "orderly transition" scenario, under which global and Hong Kong policies are implemented in line with the latest international climate agreements and the Hong Kong Government's 2050 net-zero commitment, resulting in gradually increasing carbon prices and enhanced climate-related regulation; and
- a "delayed transition with higher physical risk" scenario, under which policy action is slower and physical climate impacts such as more frequent and intense typhoons and heatwaves become more pronounced.

Under both scenarios, given the Group's office-based operations and limited physical asset footprint, the direct impact on day-to-day operations, capital expenditure and access to finance is assessed as immaterial, provided existing business continuity measures remain effective. The most relevant potential impacts relate to (i) possible changes in client behaviour, trading volumes and demand for margin financing; and (ii) credit quality of lending portfolios and counterparties operating in sectors more exposed to physical or transition risks. The Group did not identify any climate-related scenario that would require a fundamental change to its current business model within the defined time horizons.

The Group plans to update its climate-related scenario analysis at least once every three years, or more frequently if there are significant regulatory or market developments, and will refine its analysis as more granular data and methodologies become available.

Environmental, Social and Governance Report

Climate-Related Metrics and Targets

Mandatory Metrics Disclosure:

The Group discloses the following metrics to reflect its climate-related performance:

Scope 1 and Scope 2 GHG Emissions:

Scope 1 emissions are zero as the Group does not own vehicles or operate facilities with direct combustion activities. Scope 2 emissions are calculated using the location-based method, applying the latest available average emission factor for Hong Kong's electricity grid published by the relevant authority, and converts electricity consumption in kilowatt-hours to tonnes of CO₂-equivalent accordingly.

During the Reporting Period, the Group's Scope 1 GHG emissions were zero tonnes of CO₂-equivalent, as the Group did not own any vehicles or operate facilities involving direct combustion of fuels. The Group's Scope 2 GHG emissions, arising from purchased electricity for its Hong Kong office, were approximately 8.42 tonnes of CO₂-equivalent (2024: 7.97 tonnes), representing the entirety of the Group's gross GHG emissions for the year.

In assessing Scope 3 emissions, the Group considered categories such as purchased goods and services, capital goods, business travel and employee commuting. Given the Group's limited physical footprint, the small scale of its procurement and travel activities, and the fact that its core services are delivered electronically, these sources were assessed as not material relative to Scope 2 emissions at this stage. The Group will revisit this conclusion as its operations and data collection capabilities evolve.

Climate-Related Targets and Progress:

The Group has established an initial climate-related target to support a gradual reduction of its operational carbon footprint. Using the 2025 financial year as a baseline, the Group aims to achieve a 5% reduction in its total Scope 1 and Scope 2 GHG emissions by 31 December 2027, primarily through enhanced energy conservation measures and, where practicable, the use of lower-carbon electricity options. This target has not been validated by any external organisation and is not explicitly based on a sectoral decarbonisation pathway or the latest international climate agreement, but is considered appropriate in light of the Group's office-based operations and limited absolute emissions.

Progress towards this target will be monitored using the Group's annual Scope 1 and Scope 2 GHG emissions, as well as intensity metrics per employee and per square foot of office area, which are disclosed in this report. The Board and Working Group will review the target annually and may revise it in response to changes in business scale, office location or regulatory expectations. As the Group's climate risk management practices develop, the Group will consider setting longer-term targets and, where relevant, aligning future targets with recognised sectoral or science-based methodologies.

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Interim Commitment:

- The Group commits to achieving a 5% reduction in total GHG emissions (Scope 1 + Scope 2) by 31 December 2027 compared to the 2025 baseline, through continued implementation of energy conservation measures and exploration of renewable energy options.

The Group will monitor progress against this interim target and provide updates in annual ESG reports.

Future Sustainability Measures:

The Group will consider the following measures to support its climate reduction objectives:

- Transition to renewable energy sources where practicable
- Enhanced monitoring and reporting of energy consumption
- Staff engagement and awareness programs on climate and environmental responsibility
- Evaluation of green finance product opportunities

Internal Carbon Price:

The Group has not yet established an internal carbon price mechanism. As part of developing a more comprehensive climate transition strategy, the Group will evaluate the potential implementation of an internal carbon pricing mechanism to support climate-related investment decision-making and incentivize emission reduction efforts.

Environmental, Social and Governance Report

B. Social

B1 Employment

The Group strongly believes that employees are the most valuable asset for its sustainable development.

The Group strictly complies with the Employment Ordinance and other relevant legal employment requirements in Hong Kong, avoiding any child employment, discrimination, harassment or offenses against the laws of Hong Kong. We strive to fulfil our responsibilities to employees, respects their legitimate rights and interests, promote their professional development, improve our working environment and pay attention to the physical and mental health of employees, in order to realise the common development of the Group and its employees. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The Group is committed to providing a workplace free from any form of discrimination and harassment and provides opportunities to employees with different backgrounds and characteristics so as to build a diversified workforce. As prescribed in our policies and procedures, the Group emphasizes a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account.

Any form of discrimination against our potential or current employees on the ground of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination is strongly prohibited.

The Group provides a wide range of incentives, including competitive remuneration and benefits packages, which are based on individual performances and qualifications of employees and benchmarked against our industry peers on an annual basis.

All of our employees are essentially treated with fair wage, fixed working hours, proper insurance coverage, statutory holidays and miscellaneous types of leaves, including sick leave, maternity leave, marriage leave, compassionate leave and jury service leave. In addition, various leisure activities are organised which includes but not limited to annual dinners, birthday or Christmas parties to enhance the staff bonding.

The Group has established an "Employee Hand Book" that includes the terms and conditions of employment, the staff benefits (leave entitlement, insurance and training), and the office rules and policies.

During the Reporting Period, the Group was not aware of any litigation cases regarding labour and employment practices brought against the Group or its employees were noted.

Environmental, Social and Governance Report

The total workforce by age group and gender, as compared to last year, are as follows:

Year	Number and Percentage of Employees by Age Group					Total
	21-30	31-40	41-50	51-60	>60	
2024	5 (19%)	3 (11%)	7 (26%)	9 (33%)	3 (11%)	27 (100%)
2025	3 (12%)	5 (20%)	6 (24%)	9 (36%)	2 (8%)	25 (100%)

Year	Number and Percentage of Employees by Gender		Total
	Male	Female	
2024	20 (74%)	7 (26%)	27 (100%)
2025	20 (80%)	5 (20%)	25 (100%)

The workforce of the Group was relatively stable throughout the Reporting Period. All the employees are full-time staff and situated in Hong Kong. Senior employees contribute to the Group through their vast experience and knowledge in the financial services industry. They nurture and train the younger employees to enhance their business acumen and support their career path. The structure of our workforce was one of the key drivers for the Group to navigate through the complex economic environment in 2025.

The Group agrees and understands the importance of employees' diversity in the workplace. A diverse workforce provides a larger range of skills, behaviour and talents, which will transform into innovative ideas to drive the Group forward. The Group will continue to further promote age and gender diversity in the workplace.

Since its establishment, the Group has implemented a variety of measures to reduce employee turnover rate, such as strengthening recruitment controls, so that applicants can fully understand the working environment and control of the Group; strengthening the staff training system to meet the career development requirement of employees at all levels; focusing on the work pressure of employees and expanding the development prospects of the Group so that competitive career platform can be provided to the employees.

The employee turnover rate by gender and age group, as compared to last year, are as follows:

Year	Age Group				
	21-30	31-40	41-50	51-60	>60
2024	–	11%	7%	–	–
2025	4%	–	16%	4%	12%

Year	Gender	
	Male	Female
2024	11%	7%
2025	20%	16%

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The calculation method of employee turnover rate: $\text{number of employees leaving employment} \div (\text{number of employees at the beginning of the year} + \text{number of employees at the end of the year}) / 2 \times 100\%$

Since the Group values employees as an invaluable asset, we have taken a more holistic approach and assessed other drivers of employee engagement to reduce the employee turnover rate. Through providing a variety of career development opportunities and effective employee's health and wellness support, a positive working environment is maintained to retain talents in the Group.

B2 Health and Safety

The Group concerns about the health and safety of its employees and is committed to provide a safe, healthy and productive environment for all.

The Group provides full-time employees with a comprehensive set of medical insurance to its employees, including but not limited to medical insurance, surgical insurance, hospitalisation insurance and employees' compensation insurance.

The Group has established the "Occupational Safety and Health Regulations" for primary prevention of hazards and to deal with all aspects of health and safety in the workplace. The main focus of our practices has three different objectives: (1) to maintain and promote workers' health and capacity at work; (2) to improve the working environment so to be conducive to safety and health; and (3) to develop a work culture in a direction which supports health and safety at the workplace. Other policies and procedures regarding fire safety, suspicious mail alerts, rainstorm warnings, typhoon arrangement and office tidy policies are required to be followed by all employees to protect employees from risks resulting from factors adverse to health.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations which have a significant impact relating to providing a safe working environment and protecting employees from occupational hazards.

As far as physical working environment is concerned, the Board of Directors has set up an office in the prime business district in Hong Kong to provide a safe, clean and healthy working environment to protect employees from occupational hazards. Smoking policy is in place to prohibit smoking in any area of our premises during office hours to provide employees with a healthy and safe working environment.

The well-being and health of the Group's employees is our utmost priority. In order to ensure a safe and healthy working environment for our employees, the Group strives to minimize the risk of influenza transmission through implementing precautionary measures in the office. The measures are listed below.

- Surgical mask and alcohol-based hand sanitizers are provided to employees.
- Workplace and common area are disinfected more frequent with diluted bleaching agents.
- Employees or visitors who show symptoms of influenza are not permitted to enter the Group's premises.
- Periodically, employees are reminded to maintain their own personal hygiene.

During the past three financial year, the Group was not aware of any work-related fatalities, lost days due to work injury and any violations of Hong Kong health and safety laws and regulations.

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B3 Development and Training

The Group is required to comply with the various ordinances, rules and guidelines including but not limited to the Securities and Futures Ordinance, Cap. 571 (the "SFO"), the Personal Data (Privacy) Ordinance, Cap. 486 (the "PDPO"), the Listing Rules and the Guideline on Anti-Money Laundering and Counter-Terrorist Financing of Terrorism (For Licensed Corporations) (the "AML Guideline") issued by the SFC.

Each licensed individual in the organisation must fulfil the Continuous Professional Training requirements made under Section 399 of the SFO for each regulated activity within each calendar year.

Pursuant to the Code Provision A.6.5 under Appendix 14 of the Listing Rules, all directors are also required to participate in continuous professional training to develop and refresh their knowledge and skills. Our compliance team is responsible for collecting all relevant regulatory changes and working closely with our Company Secretary to determine if professional training is required for relevant employees and directors to ensure they have the knowledge and skills they need to perform their duties.

In order to maintain a competitive edge, the Group is also committed to provide support to its employees and directors, including representative officers and Company Secretary, in continuous professional training and encourages them to attend professional training programs organised by various professional bodies by offering eligible employees with sponsorship, examination fee reimbursement, education and examination leaves. Every licensed individual must complete at least five hours of continuous professional training per calendar year for each type of regulated activity. The Group ensures that our licensed staff fulfils the relevant requirement and maintains the training attendance record. Overall, 30% of the workforce received training in the Reporting Period.

In addition, the Group has held several trainings, discussions or meetings regarding the internal control procedures on anti-corruptions and risk-managements during the Reporting Period.

The percentage of employees trained and number of training hours are as follows:

Percentage of employees trained		Category	Units	2025	2024
Gender	Male		%	100%	90%
	Female		%	–	10%

* Due to the size of the workforce and the nature of the Group's operation, the percentage of employees trained by the employee category is considered as not applicable to the Group.

Average training hours completed per employee		Category	Units	2025	2024
Gender	Male		hours	14.00	13.57
	Female		hours	–	10.00
Overall average training hours completed per employee			hours	14.00	13.10

* Due to the size of the workforce and the nature of the Group's operation, the percentage of employees trained by the employee category is considered as not applicable to the Group.

Environmental, Social and Governance Report

B4 Labour Standards

In line with the local employment laws including the Employment Ordinance of Hong Kong and other related labour laws and regulations, the Group prohibits the employment of child labour or any other form of forced and illegal labour.

During the recruitment process, all candidates are required to provide identification proof to ensure compliance with the relevant laws and regulations on prohibiting child labour and forced labour. If the responsible personnel identify the existence of child labour or forced labour within the Group, the work of such child labour or forced labour will be terminated immediately.

The employment term and conditions are set out in the "Employee Hand Book" which is required to be signed by all new employees to confirm acceptance.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations which have a significant impact on employment and labour practices, including those related to preventing child and forced labour.

B5 Supply Chain Management

Due to the nature of the business, the Group only has a few suppliers of office supplies and equipment and is not highly dependent on these suppliers. Therefore, further information and the distribution of the number of suppliers are considered as immaterial and not disclosed in this report.

Yet, the Group has established processes in accordance with certain requirements and standards set by the Group to select and evaluate suppliers to ensure that the purchased goods comply with relevant standards and criteria. During the procurement process, the Group evaluates suppliers on the basis of price, reputation, track record, willingness to deal with problems, customer service and quality of products and services. In order to manage potential environmental and social risks in supply chain, the Group also pays attention to their environmental compliance record as well as their commitment to social responsibility in supplier evaluation. Environmentally and socially responsible suppliers will be prioritised in the selection process.

In addition, the Group continues to monitor the existing suppliers' performances to determine whether to extend the partnership with them.

B6 Product Responsibility

As a licensed corporation, the Group is committed to comply with all relevant laws and regulations under the regulatory regime for the financial services industry, in particular, all applicable provisions of the SFO and its supplementary rules and regulations as well as the codes and guidelines issued by SFC.

Securities-Backed Lending

Our securities-backed lending businesses are composed of two main streams of services, namely margin financing and money lending, which remain the main source of our revenue in 2025.

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The Group provides margin financing to customers who prefer more financing flexibility through trading securities on a margin basis. As a kind of high-risk investment strategy, while margin financing gives the potential for investors to magnify their gains, it also risks the potential of magnifying losses. As such, our Group believes that it is critical for all our margin trading customers to fully understand the benefits and risks involved with this type of investment activity.

The Group helps them to understand the benefits and risks associated with margin financing by preparing a comprehensive and detailed agreement to explain the terms and conditions of the margin account, including how interest is calculated, the responsibility of loan repayment and how the securities serve as collateral for the loan.

We take a prudent procedure to determine the suitability and credit-worthiness of margin customers by assessing their risk profile, investment experience and the level of liquid assets available to meet the margin call should once be incurred. Risk management controls are also adopted in areas such as lending ratios and limits and cash flow projections.

Prior to the activation of a margin account, the Group shares the margin call policies and procedures with the customer, including how much a customer investment portfolio will need to fall before a margin call occurs as well as the strategy to meet a margin call such as holding a sufficient cash reserve and availability of specific assets.

We also recommend our customers to review their strategies and portfolios at least on an annual basis to ensure the financing products continue to address their long-term needs and objectives, and to ensure that their loan-to-value ratios are remained at an appropriate level.

Our money lending business is conducted by Pinestone Capital Group Limited, our wholly-owned subsidiary which is granted the Money Lenders License by the Licensing Court.

The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Cap. 163 (the "MLO").

The Group has followed all forms and procedures prescribed under the provisions of the MLO when making relevant application for the renewal of Money Lender License and conducting our money lending business.

During the Reporting Period, the Group did not receive any complaints related to the services provided.

Product Health and Safety

Due to the nature of the business, the business operation of the Group does not involve any product health and safety. Hence, the percentage of total products sold or shipped subject to recalls for safety and health reasons as well as the quality assurance process and recall procedures are not applicable to the Group.

Intellectual Property

The Group protects all relevant intellectual property rights. Staff are not allowed to install any unauthorised or unlicensed software on their working computers provided by the Group. We obtain authorisation in the use of computer software by licensed third parties and adhere to all applicable terms of use prior to utilisation of any properties.

Environmental, Social and Governance Report

Protection of Customers' Data

The nature of our business requires that we frequently and regularly collect, retain, and utilise personal data from our existing and potential customers. Therefore, we must abide by the fair information practices as stipulated in the data protection principles of the PDPO.

For the protection of privacy in respect of personal data, the Group has well established internal control and compliance procedures developed on the basis of the PDPO to ensure compliance with the relevant laws and regulations.

The Group is committed to the full compliance with our data protection principles and all relevant provisions of the Ordinance. We inform our customers of their rights under the PDPO and the purpose for which their data may be used by the Group.

We seek to ensure that appropriate measures are taken to prevent the misuse or disclosure of personal data and to hold such personal data solely for such collection purposes.

Advertising and Labelling

The Group is a financial services provider, so the business operation of the Group does not involve any advertising and labelling related matters.

During the Reporting Period, the Group is not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group.

B7 Anti-corruption

The Group stands against any form of bribery, extortion, fraud, and has a zero-tolerance policy towards misconduct and is committed to creating a culture of integrity and justice by accepting internal complaints and whistleblowing.

To make this strong commitment within our business, the Group has established the "Compliance Manual" in accordance with the relevant regulatory laws and standards to promote anti-fraud principles and consistent organisational behaviours by providing guidelines, assigning responsibility and facilitating early detection of potential fraud that are against the interest of the Group. The Compliance Manual has defined a wide range of terms related to anti-corruption and explains how these terms apply to various situations to ensure compliance.

Environmental, Social and Governance Report

The whistle blowing channel, as set out in the “Anti-Fraud and Whistle-Blowing Policy”, has been in place for employees at all levels to raise any concerns without fear of any negative impacts. The Group encourages reporting of suspected business irregularities and provides clear channels specifically for this purpose. All employees can contact the Compliance Officer or, in case of extremely serious matter, directly to the Chairman of the Board’s Audit Committee for lodging a complaint or whistleblowing. The Group is committed to the highest standards of integrity and ethics.

The Group is required to conduct customer due diligence and report suspicious transactions to relevant regulatory agencies. To achieve this objective, the Group has adopted policies and procedures for implementing customer due diligence process, identifying employees’ involvement in money laundering activities, detecting, monitoring and reporting of suspicious transactions. In addition, we also have policies and procedures in place to detect and prevent the use of our operations for money laundering activities and other illegal or improper activities may not preclude customers’ international fraud.

During the Reporting Period, the Group has complied with all applicable anti-money laundering laws and regulations in Hong Kong, including the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Cap. 615 and the AML Guideline issued by the SFC.

During the Reporting Period, anti-corruption and anti-money laundering topics were covered within broader internal control and risk-management trainings. In addition, management encouraged employees to access online training materials offered by regulators and other authorities to keep abreast of the latest developments.

The Group was not aware of any non-compliance with laws or regulations or concluded legal cases that has a significant impact concerning bribery, extortion, fraud or money laundering during the Reporting Period.

B8 Community Investment

Recognising our responsibility to the community, the Group is committed to providing available resources to support the community and encouraging employees to participate in various community activities, such as community health initiatives, sports, cultural activities, volunteer work, and charitable events., to arouse attention to the community and drive further participation in community services.

The Group focused on the need of labour. Various channels such as appraisals and staff meetings etc., are provided to staff for sharing their response to the Group about the needs and concerns. With our corporate values front and centre, we are a responsible and caring employer in Hong Kong.

The Group will continue to explore the possibility of investing available resources to the community and uphold the principles of accountability to shareholders, investors, suppliers, customers, employees and the public community and seek further development opportunities to maintain a harmonious relationship with stakeholders.

Independent Auditor's Report



Tel : +852 2218 8288
 Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
 111 Connaught Road Central
 Hong Kong

電話 : +852 2218 8288
 傳真 : +852 2815 2239
www.bdo.com.hk

香港
 干諾道中111號
 永安中心25樓

TO THE SHAREHOLDERS OF PINESTONE CAPITAL LIMITED

鼎石資本有限公司

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Pinestone Capital Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 82 to 131, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Limited
 香港立信德豪會計師事務所有限公司

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Independent Auditor's Report

Key Audit Matters (continued)

Impairment assessment of trade receivables due from margin clients and loans receivable

Refer to notes 2(g)(ii), 4(ii), 17, 18 and 36(a) in the consolidated financial statements

As at 31 December 2025, the Group had gross carrying amount of trade receivables due from margin clients amounting to HK\$102,217,000 and gross carrying amount of loans receivable amounting to HK\$48,657,000. The Group assessed impairment for these receivables based on expected credit losses model under HKFRS 9 Financial Instruments ("HKFRS 9"). Loss allowance for expected credit losses amounting to HK\$14,261,000 and HK\$7,007,000 have been made for the trade receivables due from margin clients and loans receivable respectively as at 31 December 2025.

Assessing expected credit losses on trade and loans receivables requires application of judgment and uses of estimates. Judgment is applied in assessing whether the credit risk of the receivables has increased significantly since initial recognition and whether the receivables are credit-impaired. Estimates are used in assessing the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

We have identified impairment assessment of trade receivables due from margin clients and loans receivable as a key audit matter due to considerable amount of judgment and estimation being required in conducting impairment assessment as mentioned in the foregoing paragraph.

Our procedures in relation to management's assessment of expected credit losses on trade receivables due from margin clients and loans receivable included:

- Testing key controls over procedures of new customers acceptance, reviewing policies and procedures in monitoring the trading activities and level of securities collateral of margin clients as well as for valuing and managing collateral, and reviewing the margin call procedures for margin shortfall;
- Assessing whether the Group's impairment policy is in accordance with the requirements under HKFRS 9;
- Assessing the factors considered by management for determining whether the credit risk of the receivables has increased significantly since initial recognition, whether the receivables are credit-impaired and the amount of loss allowance required, including:
 - Re-performing the calculation of collateral ratio;
 - Challenging management in applying the collateral ratio and management's consideration of other factors including changes in behavior of the margin clients and borrowers and changes in value of collateral;
 - Checking the relevant documents supporting the payment status of the customers and customers' actions in response to the margin calls or similar request of the Group;

Independent Auditor's Report

Key Audit Matters (continued)

Impairment assessment of trade receivables due from margin clients and loans receivable (continued)

- Involving an internal assessment expert to assist in assessing the appropriateness and reasonableness of the estimation techniques, inputs and assumptions used by the management to determine the loss allowance amount;
- Assessing management's estimation of the recoverable amount of securities collateral which includes checking their current market value and price fluctuation and assessing other relevant information, where applicable; and
- Checking management's calculations of expected cash shortfall and impairment allowance.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Chiu, Wing Cheung, Ringo

Practising Certificate no. P04434

Hong Kong, 27 March 2026

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Revenue	<i>6</i>	28,435	25,500
Other income	<i>7</i>	1,794	332
Employee benefit expenses	<i>8</i>	(8,588)	(6,950)
Depreciation		(355)	(619)
Commission and fee expenses		(1,515)	(743)
Impairment losses on trade and loans receivables, net	<i>17&18</i>	(9,980)	(20,900)
Loss from write off of trade and loans receivables	<i>17(d)&18(b)</i>	(1,769)	(16,153)
Other operating expenses		(19,390)	(11,747)
Share of losses of associates	<i>30(c)</i>	(109)	–
Finance costs	<i>9</i>	(54)	(9)
Loss before income tax	<i>10</i>	(11,531)	(31,289)
Income tax expense	<i>12</i>	(5,807)	(377)
Loss and total comprehensive income for the year		(17,338)	(31,666)
		HK cents	HK cents (Restated)
Loss per share			
Basic and diluted	<i>14</i>	(43.18)	(106.16)

Consolidated Statement of Financial Position

As at 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	1,726	12
Intangible asset	16	500	500
Statutory deposits placed with stock exchange and clearing house		205	205
Investments in associates	30	10,000	–
Deferred tax assets	24	6,477	12,284
Prepayment and other receivables	19	7,483	6,400
		26,391	19,401
Current assets			
Trade receivables	17	88,217	55,134
Loans receivable	18	41,650	47,749
Other receivables, deposits and prepayments	19	1,496	1,381
Amount due from an associate	30	4	–
Tax recoverable		1,953	2,693
Trust bank balances held on behalf of customers	20	7,339	12,585
Cash and bank balances	21	41,812	15,929
		182,471	135,471
Current liabilities			
Trade payables	22	6,447	12,243
Other payables and accruals	22	1,247	3,245
Contract liabilities	6	355	1,012
Lease liabilities	23	713	–
Amount due to an associate	30	3,300	–
		12,062	16,500
Net current assets		170,409	118,971
Non-current liabilities			
Lease liabilities	23	1,145	–
		1,145	–
Total liabilities		13,207	16,500
NET ASSETS		195,655	138,372
CAPITAL AND RESERVES			
Share capital	25	24,364	8,121
Reserves	26	171,291	130,251
Total equity		195,655	138,372

On behalf of the directors

Mr. Lee Chun Tung
Director

Mr. Lau Chun Hung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Share capital HK\$'000 (note 25)	Share premium* HK\$'000 (note 26)	Capital reserve* HK\$'000 (note 26)	Accumulated losses* HK\$'000 (note 26)	Total HK\$'000
At 1 January 2024	8,121	199,993	(4,866)	(33,210)	170,038
Loss for the year	–	–	–	(31,666)	(31,666)
Total comprehensive income for the year	–	–	–	(31,666)	(31,666)
At 31 December 2024 and 1 January 2025	8,121	199,993	(4,866)	(64,876)	138,372
Loss for the year	–	–	–	(17,338)	(17,338)
Total comprehensive income for the year	–	–	–	(17,338)	(17,338)
Transactions with owners:					
Placing of shares, net	1,624	12,453	–	–	14,077
Rights issue, net	14,619	45,925	–	–	60,544
At 31 December 2025	24,364	258,371	(4,866)	(82,214)	195,655

* The total of these balances at the end of the reporting period represents "Reserves" in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Operating activities			
Loss before income tax		(11,531)	(31,289)
Adjustments for:			
Depreciation on property, plant and equipment		355	619
Impairment losses on trade and loans receivables, net		9,980	20,900
Loss from write off of trade and loans receivables		1,769	16,153
Bank interest income		(376)	(252)
Interest expense		54	9
Gain from disposal of subsidiaries		(1,088)	–
Operating (loss)/profit before working capital changes		(837)	6,140
(Increase)/Decrease in trade receivables		(40,900)	26,034
Decrease/(Increase) in loans receivable		79	(31,027)
Increase in other receivables, deposits and prepayments		(4,422)	(708)
Decrease/(Increase) in trust bank balances held on behalf of customers		5,246	(9,584)
(Decrease)/Increase in trade payables		(5,796)	9,511
(Decrease)/Increase in contract liabilities		(657)	1,012
(Decrease)/Increase in other payables and accruals		(1,998)	1,986
Increase in amount due from an associate		(4)	–
Net cash (used in)/from operations		(49,289)	3,364
Income tax received/(paid)		740	(4,050)
Net cash used in operations		(45,589)	(686)
Investing activities			
Contribution to an associate		(300)	–
Investment prepaid	19	–	(6,400)
Bank interest income		376	252
Net cash generated from/(used in) investing activities		76	(6,148)
Financing activities			
Payment of capital element of lease liabilities	30	(211)	(622)
Interest paid		(54)	(9)
Placing of shares, net	25	14,077	–
Rights issue, net	25	60,544	–
Net cash generated from/(used in) financing activities		74,356	(631)
Net increase/(decrease) in cash and cash equivalents		25,883	(7,465)
Cash and cash equivalents at beginning of year		15,929	23,394
Cash and cash equivalents at end of year		41,812	15,929
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		41,812	15,929

Notes to the Consolidated Financial Statements

1. Corporate Information

Pinestone Capital Limited (the "Company") was incorporated as an exempted company in the Cayman Islands with limited liability. The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at Room 1608, 16/F., Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services.

In the opinion of the directors, Group Target Limited, a limited liability company which is incorporated in the British Virgin Islands, is the parent and also the ultimate parent of the Company.

The consolidated financial statements for the year ended 31 December 2025 were approved and authorised for issue by the directors on 27 March 2026.

2. Basis of Preparation and Summary of Material Accounting Policies

The material accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (collectively "HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the provisions of the Hong Kong Companies Ordinance, Cap. 622 which concern the preparation of financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

All values are rounded to the nearest thousand except otherwise indicated.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately be different from those estimates. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(b) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(c) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Right-of-use for office premises	Over the shorter of remaining lease term
Leasehold improvements	Over the shorter of the remaining lease term or 3 years
Furniture, fixtures and equipment	5 years
Computer system and software	5 years

Leased assets are depreciated on a straight-line basis over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(e) Leasing

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

The Group capitalised all leases (irrespective of they are operating leases or finance leases) in the consolidated statement of financial position as right-of-use assets and lease liabilities, except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases are expensed on straight-line basis over the lease term.

Right-of-use assets

Right-of-use asset is recognised at cost and comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. The Group presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" in the consolidated statement of financial position.

Lease liabilities

Lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group presents lease liabilities separately in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(f) Intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses (note 2(n)).

(g) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and cash flow characteristics of the asset.

Financial assets at amortised cost

Financial assets that are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises an allowance for expected credit losses ("ECL") on debt instruments carried at amortised cost (including trade receivables, loans receivable, other receivables, deposits, trust bank balances held on behalf of customers and cash and bank balances).

ECL are probability-weighted estimate of credit losses. Credit losses are measured at the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancement that are integral to the contract terms.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(g) Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

The ECL are measured on either of the following bases:

- 12-month ECL: these are the ECL that result from possible default events within 12 months after the reporting date; and
- lifetime ECL: these are the ECL that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

For trade receivables from cash clients and clearing house, the Group applies the simplified approach in measuring ECL, that is to recognise a loss allowance based on lifetime ECL at each reporting date. The Group has estimated a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the Group applies the general approach to measure ECL, that is to recognise a loss allowance based on 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on lifetime ECL.

The Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition. For this purpose, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, such as credit risk grading, collateral type, remaining term to maturity and the value of collateral relative to the financial asset if it has an impact on the probability of default occurring.

The Group recognises an impairment gain or loss in profit or loss for financial instruments carried at amortised cost by adjusting their carrying amount through the use of a loss allowance account. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(g) Financial instruments (continued)

(ii) *Impairment loss on financial assets (continued)*

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial assets. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9 Financial Instruments ("HKFRS 9").

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(vii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(h) Recognition of revenue and other income

Revenue from contracts with customers is recognised when control of services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

The Group recognises revenue and interest income on the following basis:

- (i) Commission income from securities brokerage services is recognised on trade date basis when the relevant transactions are executed.
- (ii) Handling fee income is recognised when the relevant transactions have been arranged or the relevant services have been rendered.
- (iii) Income from placing and underwriting services is recognised when the relevant services are provided.
- (iv) Agency fee is recognised when the relevant transactions have been completed.
- (v) Advisory fee is recognised when the relevant services have been rendered.
- (vi) Interest income is accrued on a time basis using the effective interest method by applying applicable interest rate on (i) the amortised cost (i.e. gross carrying amount less loss allowance for credit-impaired financial assets); or (ii) the gross carrying amount for non credit-impaired financial assets.

(i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method (see note 2(g)(i)) less allowance for credit losses (see note 2(g)(ii)).

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost (see note 2(g)(iii)) unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit or tax loss of the periods in which the temporary differences are expected to reverse. The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of taxable income in those years. The estimate of future taxable income includes income or loss excluding reversals of temporary differences; and reversals of existing temporary differences.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(m) Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) *Defined contribution retirement plan*

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(n) Impairment of non-financial assets

Intangible assets having indefinite useful lives are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. Property, plant and equipment including right-of-use assets, investments in subsidiaries and investments in associates are tested for impairment whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(o) Provisions and contingent liabilities (continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

(q) Related parties

(a) *A person or a close member of that person's family is related to the Group if that person:*

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) *An entity is related to the Group if any of the following conditions apply:*

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Notes to the Consolidated Financial Statements

2. Basis of Preparation and Summary of Material Accounting Policies (continued)

(q) Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

3. Adoption of New and Revised HKFRS Accounting Standards

(a) Adoption of revised HKFRS Accounting Standards – effective from 1 January 2025

In the current year, the Group has applied for the first time the following amendments of standards issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36, and HKAS 37	Disclosures about uncertainties in the Financial Statement

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

(b) New and revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new and revised HKFRS Accounting Standards potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKFRS 9 and HKFRS 7	Financial Instruments – Amendments to the Classification and Measurement of Financial Instruments ¹
Annual Improvement to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹
Amendments to HKFRS 18	Presentation and Disclosure in Financial Statements ²
Amendments to HKFRS 19 and its amendments	Subsidiaries without Public Accountability ²

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual/reporting periods beginning on or after 1 January 2027.

The directors of the Company anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

Other than HKFRS 18, the Group does not expect these pronouncements issued by the HKICPA, but not yet effective, to have a material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

3. Adoption of New and Revised HKFRS Accounting Standards (continued)

(b) New and revised HKFRS Accounting Standards that have been issued but are not yet effective (continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. Critical Accounting Judgment and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the directors of the Company are required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Impairment of non-financial assets

Management assesses impairment by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. When an impairment trigger exists, the recoverable amount of the asset is determined. For intangible asset with indefinite useful life, it is tested for impairment annually, irrespective of whether there is any impairment indication. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgments, the directors take into consideration assumptions that are mainly based on market conditions existing at the reporting date and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Significant estimates and assumptions used by the directors for the impairment assessment of intangible asset are disclosed in note 16.

Notes to the Consolidated Financial Statements

4. Critical Accounting Judgment and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

(ii) Impairment of financial assets

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires significant judgment and estimation, in particular, the assessment of a significant increase in credit risk and the credit-impaired financial assets as well as the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

Details of the key assumptions and inputs used are set out in note 36(a).

(iii) Measurement of deferred tax balances

The Group has recognised deferred tax assets which amounted to HK\$6,477,000 as at 31 December 2025 (2024: HK\$12,284,000). Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. Where the timing and/or the amount of future taxable income differ from the expectation, a material adjustment to the deferred tax assets may be necessary. Further details of the Group's deferred tax assets are set out in note 24.

Notes to the Consolidated Financial Statements

5. Segment Information

(a) Operating segment information

The information reported to the executive directors of the Company, who are the chief operating decision makers of the Group for the purposes of resources allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRS Accounting Standards. Such information does not contain profit or loss information of particular product or service line or geographical area. Therefore, the Group has only one single operating segment which is provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services. The executive directors allocate resources and assess performance of the business of the Group on an aggregated basis.

(b) Geographical segment information

The Company is an investment holding company and the principal place of the Group's operations is in Hong Kong. Accordingly, management determines that the Group is domiciled in Hong Kong.

All of the revenue from external customers is derived from activities in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

(c) Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, is set out below:

	2025 HK\$'000	2024 HK\$'000
Customer I	2,723	2,595
Customer II	N/A	2,844

N/A: not applicable as revenue from this customer was less than 10% of the Group's revenue for the year.

Notes to the Consolidated Financial Statements

6. Revenue

The Group is principally engaged in the provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services. Revenue derived from the Group's principal activities comprises the following:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Commission income from securities brokerage services	955	464
– Fee income from placing and underwriting services	4,369	1,258
– Agency fees	7,887	5,645
– Handling fee income	180	46
– Advisory fees	–	338
	13,391	7,751
Revenue from other sources		
– Interest income from margin financing services	8,141	11,866
– Interest income from money lending services	6,903	5,883
	28,435	25,550

Revenue from contracts with customers derived by the Group for the year ended 31 December 2025 amounting to HK\$13,391,000 (2024: HK\$7,751,000) are recognised at a point in time.

Contract liabilities

	2025 HK\$'000	2024 HK\$'000
At 1 January	1,012	–
Amounts included in contract liabilities that was recognised as revenue during the year	(1,012)	–
Cash received in advance of performance and not recognised as revenue during the year	355	1,012
As 31 December	355	1,012

Contract liabilities are amounts received by the Group in relation to the advisory services that are expected to be recognised as revenue in the next 12 months.

The Group received a portion of the contract value on the provision of advisory services as deposits from customers when they sign the service agreement.

Notes to the Consolidated Financial Statements

7. Other Income

	2025 HK\$'000	2024 HK\$'000
Bank interest income	376	252
Custodian income	330	80
Gain on disposal of subsidiaries (note)	1,088	–
	1,794	332

Note:

In the year ended 31 December 2025, the Group sold its 100% interest of five subsidiaries for a total cash consideration of HK\$7,483,000. This consideration has not yet been settled and is recognised as other receivables as at reporting date (Note 19).

8. Employee Benefit Expenses

Employee costs (including directors' emoluments) comprises:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	8,356	6,779
Contributions to defined contribution retirement plan (note)	232	171
	8,588	6,950

Note:

The Group makes contributions of 5% of the employee's relevant income into the employee's defined contribution retirement plan account directly, subject to the minimum and maximum relevant income levels. No forfeited contributions may be used by the Group to reduce the existing level of contributions.

9. Finance Costs

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	54	9

10. Loss Before Income Tax

Loss before income tax is arrived at after charging:

	2025 HK\$'000	2024 HK\$'000
Depreciation charge		
Owned property, plant and equipment	10	59
Right-of-use assets included in property, plant and equipment	345	560
Auditor's remuneration	715	734
Legal and professional fees	2,676	6,865

Notes to the Consolidated Financial Statements

11. Directors' Emoluments, Five Highest Paid Individuals and Senior Management's Emoluments

(a) Directors' emoluments

Directors' emoluments are disclosed as follows:

	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to retirement benefits scheme HK\$'000	Total HK\$'000
Year ended 31 December 2025					
<i>Executive directors</i>					
Mr. Lee Chun Tung	240	-	-	-	240
Mr. Wang Han ^{\$}	70	-	-	-	70
Miss Cheung Ka Yi ^{\$}	70	410	80	18	578
Mr. Zhu Zheping [%]	50	-	-	-	50
Mr. Li Dapeng [*]	9	-	-	-	9
Ms. Liu Yundi [#]	99	-	-	-	99
	538	410	80	18	1,046
<i>Non-executive directors</i>					
Mr. Lau Chun Hung	295	-	-	-	295
Mr. Lu Weixing [^]	137	-	-	-	137
Mr. Lu Lin [^]	69	-	-	-	69
Mr. Shi Zhu [#]	50	-	-	-	50
<i>Independent non-executive directors</i>					
Mr. Wong Chun Peng Stewart	144	-	-	-	144
Mr. Lau Kelly	144	-	-	-	144
Mr. Cheng Man Pan	144	-	-	-	144
Ms. Jiang Tiancui [^]	5	-	-	-	5
	988	-	-	-	988
Total remuneration	1,526	410	80	18	2,034

^{\$} appointed on 2 June 2025

[%] retired on 30 May 2025

[^] appointed on 23 October 2025

^{*} resigned on 10 January 2025.

[#] resigned on 30 May 2025

Notes to the Consolidated Financial Statements

11. Directors' Emoluments, Five Highest Paid Individuals and Senior Management's Emoluments (continued)

(a) Directors' emoluments (continued)

Directors' emoluments are disclosed as follows: (continued)

	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to retirement benefits scheme HK\$'000	Total HK\$'000
Year ended 31 December 2024					
<i>Executive directors</i>					
Mr. Lee Chun Tung	240	–	–	–	240
Mr. Yan Ximao (resigned on 30 December 2024)	359	–	–	–	359
Mr. Zhu Zheping	320	–	–	–	320
Mr. Li Dapeng * (appointed on 1 November 2024)	60	–	–	–	60
Ms. Liu Yundi (appointed on 12 December 2024)	13	–	–	–	13
	992	–	–	–	992
<i>Non-executive directors</i>					
Mr. Lau Chun Hung (appointed on 30 December 2024)	1	–	–	–	1
Mr. Shi Zhu (appointed on 30 December 2024)	1	–	–	–	1
Mr. Yau Tung Shing (resigned on 30 December 2024)	239	–	–	–	239
<i>Independent non-executive directors</i>					
Mr. Wong Chun Peng Stewart	144	–	–	–	144
Mr. Lau Kelly	144	–	–	–	144
Mr. Cheng Man Pan	144	–	–	–	144
	673	–	–	–	673
Total remuneration	1,665	–	–	–	1,665

* Mr. Li Dapeng resigned on 10 January 2025.

Notes to the Consolidated Financial Statements

11. Directors' Emoluments, Five Highest Paid Individuals and Senior Management's Emoluments (continued)

(a) Directors' emoluments (continued)

No directors waived or agreed to waive any emoluments during the year ended 31 December 2025 (2024: nil).

No emolument was paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2024: nil).

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(b) Five highest paid individuals

Of the five individuals whose emoluments were the highest in the Group during the year, one (2024: nil) was a director of the Company whose emoluments is included in note 11(a) above. The emoluments payable to the remaining four (2024: five) highest paid individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	2,445	2,881
Contributions to defined contribution retirement plan	69	70
	2,514	2,951

The emoluments of the non-director highest paid individuals during the year and in prior year were within band of nil to HK\$1,000,000.

No emolument was paid by the Group to any of the non-director highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2024: nil).

(c) Senior management's emoluments

Emoluments paid or payable to members of senior management who are not directors of the Company were within the following band:

	2025 Number of individuals	2024 Number of individuals
Nil to HK\$1,000,000	3	5

Notes to the Consolidated Financial Statements

12. Income Tax Expense

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
Current tax – Hong Kong Profits Tax		
– tax for the year	–	–
– over-provision in respect of prior years	–	(6)
	–	(6)
Deferred tax (<i>note 24</i>)		
– current year	5,807	529
– attributable to change in applicable tax rate	–	(146)
	5,807	383
Income tax expense	5,807	377

The Group is subject to Hong Kong Profits Tax.

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying entities will be taxed at 8.25% whereas assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual reporting periods beginning on or after 1 January 2018.

The income tax expense for the year can be reconciled to the loss before income tax in the consolidated statement of comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before income tax	(11,531)	(31,289)
Tax on loss before income tax, calculated at Hong Kong Profits Tax rate of 16.5%	(1,903)	(5,163)
Tax effect of expenses not deductible for tax purposes	1,098	871
Utilisation of temporary difference previously not recognised	(3,068)	(1,606)
Tax effect of tax losses not recognised	9,680	6,427
Effect on opening deferred tax balances resulting from change in applicable tax rate	–	(146)
Over-provision in respect of prior years	–	(6)
Income tax expense	5,807	377

Notes to the Consolidated Financial Statements

13. Dividends

The directors of the Company do not recommend the payment of final dividend in respect of the year ended 31 December 2025 (2024: nil).

14. Loss Per Share

The calculation of basic loss per share is based on the following data:

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss for the year attributable to owners of the Company	(17,338)	(31,666)
	2025 Number of Shares '000	2024 Number of Shares '000 (Restated)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	40,155	29,829

The weighted average number of ordinary shares for the purposes of calculating the basic loss per share for the year ended 31 December 2025 and 2024 are based on the weighted average number of shares in issue during the year and adjusted for the bonus element and other effect on 13 January 2025, 18 August 2025 and 15 October 2025 as set out in note 25(1), 25(2) and 25(3), respectively. The weighted average number of ordinary shares for the purpose of calculating the basic loss per share for the year ended 31 December 2024 is restated accordingly.

Diluted loss per share is the same as the basic loss per share as there have been no dilutive potential ordinary shares in existence during the year or prior year.

Notes to the Consolidated Financial Statements

15. Property, Plant and Equipment

	Owned assets			Right-of-use assets	Total HK\$'000
	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer system and software HK\$'000	Office premise HK\$'000	
Cost					
At 1 January 2024, 31 December 2024 and 1 January 2025	188	138	240	2,695	3,261
Addition	–	–	–	2,069	2,069
Termination	(188)	–	–	(2,695)	(2,883)
31 December 2025	–	138	240	2,069	2,447
Accumulated depreciation					
At 1 January 2024	141	121	233	2,135	2,630
Charge for the year	47	9	3	560	619
At 31 December 2024 and 1 January 2025	188	130	236	2,695	3,249
Charge for the year	–	7	3	345	355
Termination	(188)	–	–	(2,695)	(2,883)
At 31 December 2025	–	137	239	345	721
Net carrying amount					
At 31 December 2025	–	1	1	1,724	1,726
At 31 December 2024	–	8	4	–	12

The Group leased office premises for its operation. The Group as a lessee, had recognised these leases as right-of-use assets and depreciated over the lease terms. Further details of the Group's lease arrangements are set out in note 23.

Notes to the Consolidated Financial Statements

16. Intangible Asset

	Trading right HK\$'000
Cost	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	500
Accumulated impairment	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	–
Net carrying amount	
At 31 December 2024	500
At 31 December 2025	500

Trading right confers right to the Group to trade securities contract on or through the Stock Exchange such that the Group can conduct the business of securities brokerage.

Trading right is considered by the directors of the Company as having indefinite useful life because there is no foreseeable limit on the period over which the trading right is expected to generate cash flows to the Group. Accordingly, trading right is not amortised. Instead, it is tested for impairment annually and whenever there is an indication that it may be impaired.

Trading right is tested for impairment by the directors by estimating its recoverable amount based on value-in-use calculation. For such purposes, trading right is allocated to the businesses of securities brokerage, placing and underwriting services and margin financing as one cash-generating unit (“CGU”). For the year ended 31 December 2025, the value-in-use of the CGU is determined using cash flow projection which is based on the financial budget approved by the management covering a period of 3 years.

The key assumptions used in the budget plan include:

- (a) Revenue from providing margin financing services is projected based on the expected credit facilities available to customers during the budget period which are subject to fulfilment of regulatory requirements and the expected liquidity position of the Group. Commission income from securities brokerage services is projected based on estimated trading value of customers. Income from providing placing and underwriting services is budgeted based on the number of placement and underwriting assignments expected to be secured in the budget period.
- (b) Operating expenses will grow in line with the general inflation in Hong Kong throughout the budget period.
- (c) Zero growth rate is used to extrapolate cash flow projection beyond the period covered by the recent financial budgets.
- (d) The discount rate applied to the cash flow projections is 14% for the year ended 31 December 2025 (2024: 14%). The discount rate used is pre-tax and reflect specific risks relating to the businesses.

The key assumptions adopted by the management have been determined based on past performance and management’s expectation on market development. Based on the result of the above impairment testing, the directors determined that there is no impairment in respect of the trading right as at 31 December 2025 (2024: nil).

Notes to the Consolidated Financial Statements

17. Trade Receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables arising from securities dealing and margin financing (<i>note (a)</i>)		
– Margin clients (<i>note (b)</i>)	102,217	76,755
– Clearing house (<i>note (c)</i>)	261	2,669
Trade receivables arising from agency services (<i>note (d)</i>)	–	1,895
Trade receivables arising from placing and underwriting services (<i>note (d)</i>)	–	193
	102,478	81,512
Less: Loss allowance (<i>note (e)</i>)	(14,261)	(26,378)
	88,217	55,134

Notes:

- (a) The settlement term of trade receivables arising from the business of securities dealing is two business days after trade date ("T+2").
- (b) Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to the margin clients is determined with reference to the discounted market value of securities accepted by the Group. Margin loans due from margin clients are either current and repayable on demand for those margin clients subject to margin calls. Except for those disclosed below, no ageing analysis is disclosed for trade receivables from margin clients as, in the opinion of the directors, ageing analysis is not meaningful in view of the business nature of securities dealing and margin financing.

To manage the credit risk exposure, when the level of securities collateral in proportion to the outstanding balance due from the margin client has reached an alarming level, the Group will demand the margin clients to deposit additional money or securities to maintain their margin accounts, or to sell their securities collateral to reduce the exposure. Other than the above, the Group may implement other credit enhancement measures including to enter into repayment schedule for a period of normally less than one year with margin clients for settling their outstanding balances by monthly instalment or by depositing cash or securities in equivalent market value.

As at 31 December 2025, gross carrying amount of trade receivables due from margin clients amounting to HK\$45,902,000 (2024: HK\$681,000) were current and HK\$56,315,000 (2024: HK\$76,074,000) were repayable on demand. These margin loans were interest bearing at fixed rates ranging from 12% to 23% (2024: 8% to 24%) per annum.

As at 31 December 2025, gross carrying amount of HK\$9,514,000 (2024: HK\$24,012,000) of the trade receivables due from margin clients were considered as credit impaired.

During the year ended 31 December 2025, the Group had written off balances due from margin clients with gross carrying amount of HK\$17,653,000 (2024: HK\$54,065,000) and accumulated loss allowance of HK\$17,653,000 (2024: HK\$46,560,000) at a loss of Nil (2024: HK\$7,505,000) recognised in profit or loss as those margin clients were in severe financial difficulties and there is no realistic prospect of recovery.

Subject to certain conditions, the Group is allowed to repledge collateral from margin clients. There was no repledge of collateral from margin clients as at 31 December 2025 (2024: nil).

Notes to the Consolidated Financial Statements

17. Trade Receivables (continued)

Notes: (continued)

- (c) Trade receivables from clearing house, i.e. Hong Kong Securities Clearing Company Limited ("HKSCC"), were current which represented pending trades arising from the business of securities dealing and are normally due on "T+2" day in accordance with the requirements of Hong Kong Exchange and Clearing Limited.
- (d) During the year ended 31 December 2025, the Group had written off balances arising from placing and underwriting services with gross carrying amount of HK\$193,000 (2024: nil) resulting in a loss of the same amount recognised in profit or loss as there is no realistic prospect of recovery.

As at 31 December 2024, trade receivables arising from agency services, placing and underwriting services were current, interest free and aged within 0-90 days based on the invoice dates.

- (e) The movements in the loss allowance for trade receivables arising from the business of securities dealing and margin financing are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	26,378	59,008
Impairment losses charged to profit or loss	5,536	9,149
Unwinding of discount	–	4,781
Amount written off as uncollectible	(17,653)	(46,560)
At 31 December	14,261	26,378

Further details of the Group's credit policy and credit risk arising from trade receivables and loss allowance arising from ECL are set out in note 36(a).

18. Loans Receivable

	2025 HK\$'000	2024 HK\$'000
Loans receivable arising from money lending (notes (a) & (b))	48,657	74,416
Less: Loss allowance (note (c))	(7,007)	(26,667)
	41,650	47,749

Notes:

- (a) Loans receivable include certain borrowers, which are clients of the Group's securities dealing business had entered into securities charge agreement with the Group charging certain securities or securities portfolio as collateral which were deposited in the designated custodian account maintained by the borrower.
- (b) The loans receivable as at 31 December 2025 were interest-bearing at a fixed rate ranging from 12.0% to 34.8% (2024: 12.0% to 34.8%) per annum. Gross carrying amount of loan receivables amounting to HK\$23,889,000 (2024: HK\$27,411,000) were current, HK\$24,768,000 (2024: HK\$22,257,000) were past due within one year and nil were past due more than two years (2024: HK\$24,748,000).

As at 31 December 2025, gross carrying amount of HK\$24,768,000 (2024: HK\$24,748,000) of the loans receivable balance were considered as credit impaired.

During the year ended 31 December 2025, the Group had written off loans receivable balance with gross carrying amount of HK\$26,324,000 (2024: HK\$59,825,000) and accumulated loss allowance of HK\$24,748,000 (2024: HK\$51,177,000) at a loss of HK\$1,576,000 (2024: HK\$8,648,000) recognised in profit or loss as those borrowers were in severe financial difficulties and there is no realistic prospect of recovery.

Notes to the Consolidated Financial Statements

18. Loans Receivable (continued)

Notes: (continued)

(c) The movements in the loss allowance for loans receivable arising from money lending business are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	26,667	63,108
Impairment losses charged to profit or loss	4,444	11,751
Unwinding of discount	644	2,985
Amount written off as uncollectible	(24,748)	(51,177)
At 31 December	7,007	26,667

Further details of the Group's credit policy and credit risk arising from loans receivable and loss allowance arising from ECL are set out in note 36(a).

19. Other Receivables, Deposits and Prepayments

	2025 HK\$'000	2024 HK\$'000
Advance made for contribution to a new entity (note 1)	–	6,400
Deposits	258	440
Prepayments	1,214	634
Other receivables (note 2)	7,507	307
	8,979	7,781

Represented by:

	2025 HK\$'000	2024 HK\$'000
– Current	1,496	1,381
– Non-current	7,483	6,400
	8,979	7,781

Notes to the Consolidated Financial Statements

19. Other Receivables, Deposits and Prepayments (continued)

Note 1:

As at 31 December 2024, the advance represents a non-refundable capital contribution of Nil (2024: 6,400,000) placed in a designated escrow bank account for the formation of a new entity.

During the year ended 31 December 2025, the new entity has been incorporated which the Group considers that it has significant influence over the new entity and has accounted for it as an associate (note 30).

Note 2:

During the year ended 31 December 2025, the Group disposed of five subsidiaries to independent third parties. The consideration receivables arising from these disposals amounted to HK\$7,160,000 and is included in other receivables. Pursuant to the disposal agreements, these amounts are unsecured, interest-free, and are due in two years from the respective dates of disposal.

20. Trust Bank Balances Held on Behalf of Customers

In respect of the Group's business of securities dealing, the Group maintains segregated trust accounts with authorised financial institutions to hold client's monies. The Group classifies clients' monies separately under current assets in the consolidated statement of financial position and has recognised the corresponding balances due to cash and margin clients separately under trade payables (note 22) on the grounds that the Group is liable for any loss or misappropriation of clients' monies and does not have a currently enforceable right to offset those payables with the deposits placed.

21. Cash and Bank Balances

Cash at banks earns interest at floating rate based on daily bank deposit rates.

Notes to the Consolidated Financial Statements

23. Lease Liabilities (continued)

The Group as lessee (continued)

Future lease payments are due as follows:

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value of minimum lease payments HK\$'000
As at 31 December 2025			
Not later than one year	796	(83)	713
Within a period of more than one year but not exceeding two years	796	(43)	753
Within a period of more than two years but not exceeding five years	398	(6)	392
	1,990	(132)	1,858
As at 31 December 2024			
Not later than one year	–	–	–

The present value of future lease payments are analysed as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Current liabilities	713	–
Non-current liabilities	1,145	–
	1,858	–

The Group's obligations under its leases are secured by the lessor's title to the lease assets.

Other lease disclosures:

	2025 HK\$'000	2024 HK\$'000
Short-term lease expense	–	373

Notes to the Consolidated Financial Statements

24. Deferred Tax Assets

Details of the deferred tax assets recognised and movements during the year are as follows:

	Depreciation in excess of related depreciation allowance HK\$'000	Impairment provision on trade and loans receivables HK\$'000	Tax loss HK\$'000	Total HK\$'000
At 1 January 2024	17	12,650	–	12,667
(Charged)/Credited to profit or loss (<i>note 12</i>)				
Current year effect	9	(9,791)	9,253	(529)
Effect on opening balances resulting from change in tax rate	–	146	–	146
At 31 December 2024 and 1 January 2025	26	3,005	9,253	12,284
Charged to profit or loss (<i>note 12</i>)				
Current year effect	–	(2,175)	(3,632)	(5,807)
At 31 December 2025	26	830	5,621	6,477

Deferred tax asset has not been recognised for the following:

	2025 HK\$'000	2024 HK\$'000
Deductible temporary differences	16,237	34,829
Tax losses	97,925	39,095
	114,162	73,924

These deductible temporary differences and tax losses have no expiry date.

Notes to the Consolidated Financial Statements

25. Share Capital Authorised and issued shares

	Par value HK\$	Number of ordinary shares	Amount HK\$'000
Authorised:			
At 1 January 2024, 31 December 2024 and 1 January 2025	0.020	25,000,000,000	500,000
Share consolidation (note 2)		(23,750,000,000)	–
At 31 December 2025	0.400	1,250,000,000	500,000
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 1 January 2025	0.020	406,070,100	8,121
Placing of shares (note 1)	0.020	81,210,000	1,624
		487,280,100	9,745
Share consolidation (note 2)		(462,916,095)	–
		24,364,005	9,745
Rights issue (note 3)	0.400	36,546,008	14,619
31 December 2025	0.400	60,910,013	24,364

Note:

- (1) On 13 January 2025, a total of 81,210,000 placing shares have been successfully placed by the placing agents to not less than six places at placing price of HK\$0.176 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The placing shares issued rank pari passu with other shares in issue in all respects.

The proceeds from the placing and net proceeds after deduction of the placing commission and other related expenses, amounted to approximately HK\$14.29 million and HK\$14.1 million, respectively. The Company intends to use such net proceeds for general working capital of the Group.

- (2) On 14 August 2025, an ordinary resolution in relation to share consolidation was approved by the shareholders at an extraordinary general meeting held on the same date. Pursuant to the share consolidation, the number of authorised shares of the Company decreased to 1,250,000,000 shares of par value of 0.40 each, of which 487,280,100 shares were consolidated into 24,364,005 shares effective from 18 August 2025.
- (3) On 15 October 2025, the Company successfully issued a total of 36,546,008 shares from a rights issue on the basis of three rights share for every two existing shares at HK\$1.66 per rights share. The proceeds and the net proceeds after deduction of directly attributable transaction costs amounted to approximately HK\$60.7 million and HK\$60.5 million respectively.

Notes to the Consolidated Financial Statements

26. Reserves

The Group

The following describes the nature and purpose of each reserve within owner's equity.

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue and acquisition of the shares.

Capital reserve

Capital reserve arose from the following transactions under the reorganisation carried out by the group companies for the purpose of the listing:

- (a) In May 2015, the Company issued 30 ordinary shares of HK\$0.10 each to settle the consideration for acquisition of 100% equity interest in Pinestone Capital Group Limited ("PCGL") from Gryphuz Group Limited ("GGL"), its then shareholder, amounting to HK\$726,000. The difference between the consideration of HK\$726,000 and the issued share capital of PCGL of HK\$1,000,000 was credited to the capital reserve.
- (b) In May 2015, the Company issued 70 ordinary shares of HK\$0.10 each to settle the consideration for acquiring 100% equity interest in Pinestone Investment Group Limited ("PIGL") from GGL, its then shareholder, together with an outstanding non-interest bearing amount due by PIGL to GGL, its then shareholder, amounting to HK\$104,581,000. The difference between the consideration of HK\$104,581,000 and the share capital of PIGL of HK\$8 together with the outstanding non-interest bearing amount due by PIGL to GGL of HK\$99,441,000 was debited to the capital reserve.

Notes to the Consolidated Financial Statements

26. Reserves (continued)

The Group (continued)

Accumulated losses

Accumulated losses is the cumulative net gains and losses recognised in profit or loss.

The Company

The movements of the Company's reserves are as follows:

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	199,993	(42,018)	157,975
Loss for the year	–	(27,194)	(27,194)
At 31 December 2024 and 1 January 2025	199,993	(69,212)	130,781
Loss for the year	–	(19,812)	(19,812)
Placing of shares	12,453	–	12,453
Rights issue	45,925	–	45,925
At 31 December 2025	258,371	(89,024)	169,347

27. Share Option Scheme

Pursuant to resolutions passed by the shareholders of the Company on 22 May 2015, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme"). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of commencing on the listing date, i.e. 12 June 2015 (the "Listing Date") and ending on the tenth anniversary of the Listing Date. (i.e., 12 June 2025). Since the expiration of the Existing Share Option Scheme, no replacement or further share option schemes have been introduced or offered. As at reporting date, no share options have been granted and there are no share options that remain outstanding.

Notes to the Consolidated Financial Statements

28. Holding Company Statement of Financial Position

Below is the statement of financial position of the Company as at 31 December 2025.

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	29	104,581	104,581
Other receivables	19	7,484	–
		112,065	104,581
Current assets			
Prepayments and other receivables		229	877
Amounts due from subsidiaries		83,454	45,532
Cash and bank balances		99	423
		83,782	46,832
Current liabilities			
Other payables and accruals		317	788
Amount due to a subsidiary		1,819	11,723
		2,136	12,511
Net current assets		81,646	34,321
Net assets		193,711	139,902
CAPITAL AND RESERVES			
Share capital	25	24,364	8,121
Reserves	26	169,347	130,781
Total equity		193,711	138,902

On behalf of the directors

Mr. Lee Chun Tung
Director

Mr. Lau Chun Hung
Director

Notes to the Consolidated Financial Statements

29. Investments in Subsidiaries

Details of the subsidiaries as at 31 December 2025 are as follows:

Name of subsidiary	Place of incorporation and type of legal entity	Place of operations	Issued and paid up capital	Effective interest held by the Company		Principal activities
				Directly	Indirectly	
Pinestone Securities Limited	Hong Kong/Limited liability company	Hong Kong	149,000,000 shares of HK\$149,000,000	–	100%	Provision of securities brokerage services, placing and underwriting services as well as margin financing services
Pinestone Capital Group Limited	Hong Kong/Limited liability company	Hong Kong	1,000,000 shares of HK\$1,000,000	–	100%	Provision of money lending services
Pinestone International Group Limited	The BVI/Limited liability company	Hong Kong	1 ordinary share of United States dollars ("US\$") 1 each	100%	–	Investment holding
Pinestone International Limited	The BVI/Limited liability company	Hong Kong	1 ordinary share of US\$1 each	100%	–	Investment holding
Pinestone Principal Investment Limited	Hong Kong/Limited liability company	Hong Kong	1 share of HK\$1	100%	–	Inactive
Allied First Investment Limited	The BVI/Limited liability company	Hong Kong	1 ordinary share of US\$1 each	100%	–	Investment holding
JP Associates Limited	Hong Kong/Limited liability company	Hong Kong	1 share of HK\$1	–	100%	Inactive
Pinestone Capital Asset Management Limited	Hong Kong/Limited liability company	Hong Kong	5,770,000 shares of HK\$5,770,000	–	100%	Type 9 Asset Management Licence
Pleasure Smile Limited	The BVI/Limited liability company	Hong Kong	10 ordinary shares of US\$1 each	100%	–	Investment holding
Pinestone Business Consulting Limited	Hong Kong/Limited liability company	Hong Kong	10,000 ordinary shares of HK\$10,000	100%	–	Investment holding
Joyful Supreme Limited	The BVI/Limited liability company	Hong Kong	1 ordinary share of US\$1 each	100%	–	Investment holding
Digital Supreme Limited	Hong Kong/Limited liability company	Hong Kong	10,000 ordinary shares of HK\$10,000	–	100%	Inactive
Wealth Esteemed Limited	The BVI/Limited liability company	Hong Kong	10 ordinary shares of US\$1 each	100%	–	Investment holding
Wealth Advisory Limited	The BVI/Limited liability company	Hong Kong	10 ordinary shares of US\$1 each	100%	–	Investment holding

None of the subsidiaries had issued any debt securities at the end of the reporting period.

Notes to the Consolidated Financial Statements

30. Investment in associates

The following entities have been included in the consolidated financial statements using the equity method:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December	
		2025	2024
TGG Digital Limited (<i>note a</i>)	Hong Kong	40%	–
Jackpot Auction (Asia) Limited (<i>note b</i>)	Hong Kong	30%	–

Note a: The primary business of TGG Digital Limited is the development of digital asset technology.

Note b: Jackpot Auction (Asia) Limited remained dormant during the current reporting period.

(a) Summarised financial information (material associates)

<i>TGG Digital Limited</i>	2025 HK\$'000
As at 31 December	
Current assets	56,122
Non-current assets	–
Current liabilities	31,410
Non-current liabilities	–
Net assets (100%)	24,712
Group share of net assets (40%)	9,885
Period ended 31 December	
Revenues	–
Loss from continuing operations	(268)
Other comprehensive income	–
Total comprehensive income	(268)
Dividends received from associate	–

(b) Summarised financial information (immaterial associates)

	2025 HK\$'000
Period ended 31 December	
Loss from continuing operations	(4)
Other comprehensive income	–
Total comprehensive income	(4)

Notes to the Consolidated Financial Statements

30. Investment in associates (continued)

(c) Movement in carrying amounts

	2025 HK\$'000
At 1 January 2024, 31 December 2024 and 1 January 2025	
Additions	10,109
Share of results for the year	(109)
At 31 December 2025	10,000

(d) Amount due from/to an associate

The amounts are unsecured, interest-bearing and repayable on demand.

31. Notes to the Consolidated Statement of Cash Flows

Reconciliation of liabilities arising from financing activities:

	Lease liabilities HK\$'000 (note 23)
At 1 January 2025	–
Changes from cash flows:	
Addition	2,069
Capital element of lease liabilities paid	(265)
Interest element of lease liabilities paid	(54)
Total changes from financing cash flow	1,750
Other changes:	
Interest expense	54
At 31 December 2025	1,858

	Lease liabilities HK\$'000
At 1 January 2024	662
Changes from cash flows:	
Capital element of lease liabilities paid	(662)
Interest element of lease liabilities paid	(9)
Total changes from financing cash flow	(631)
Other changes:	
Interest expense	9
At 31 December 2024	–

Notes to the Consolidated Financial Statements

32. Related Party Transactions

Saved as disclosed elsewhere in these financial statements, the Group has the following significant transactions and balances with related parties.

(a) Save as disclosed in (b), during the years ended 31 December 2025 and 2024, no material transactions were undertaken by the Group with related parties.

(b) As at 31 December 2025 and 2024, there were no material outstanding balances with related parties.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances, discretionary bonus and other benefits	3,722	4,534
Contributions to defined contribution retirement plan	301	70
	4,023	4,604

33. Capital Management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The capital structure of the Group consists of debts, which include lease liabilities as at 31 December 2025 (note 23) and equity, comprising share capital and reserves.

The directors of the Company actively and regularly reviews and manages the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debts or sells assets to reduce debt.

The gearing ratio of the Group at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
Lease liabilities	1,858	–
Equity	195,655	138,372
Gearing ratio [#]	1.0%	N/A

[#] Long-term debts (including non-current liabilities) over total equity.

Notes to the Consolidated Financial Statements

33. Capital Management (continued)

The Group targets to maintain the level of its gearing ratio which allows the Group to cope with the changes in the financial market and economic condition.

A subsidiary of the Company is regulated by the Securities and Futures Commission ("SFC") and required to maintain minimum liquid capital and paid up capital according to the Securities and Futures Ordinance. Management monitors this subsidiary's liquid capital and paid up capital to ensure they meet the minimum requirement in accordance with the Securities and Futures (Financial Resources) Rules.

34. Summary of Financial Assets and Financial Liabilities by Category

The following table shows the carrying amounts of financial assets and liabilities:

	2025 HK\$'000	2024 HK\$'000
Financial assets		
<i>Finance assets at amortised cost</i>		
– Trade receivables, loans receivable, other receivables and deposits	140,893	103,630
– Trust bank balances held on behalf of customers	7,339	12,585
– Cash and bank balances	41,812	15,929
– Amount due from an associate	4	–
	190,148	132,144
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
– Trade payables	6,447	12,243
– Other payables and accruals	1,247	3,245
– Amount due to an associate	3,300	–
– Lease liabilities	1,858	–
	12,852	15,488

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade receivables, loans receivable, deposits, trust bank balances held on behalf of customers, cash and bank balances, trade payables, other payables and accruals and lease liabilities. Due to their short-term nature, the carrying values of the above financial instruments except for non-current lease liabilities approximate their fair values.

For disclosure purpose, the fair values of non-current lease liabilities are not materially different from their carrying values. The fair value has been determined using discounted cash flow model and is classified as level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risk of the Group.

(b) Financial instruments measured at fair value

As at 31 December 2024 and 2025, the Group did not have any financial instruments measured at fair value and accordingly, no analysis on fair value hierarchy is presented.

Notes to the Consolidated Financial Statements

35. Offsetting Financial Assets and Financial Liabilities

The Group currently has a legally enforceable right to set off the Continuous Net Settlement (“CNS”) money obligation receivables and payables with a clearing house, HKSCC and it intends to settle on a net basis as trade receivables from or trade payables to HKSCC. For the net amounts of CNS money obligations receivables or payables and other receivables and payables (such as deposits included in statutory deposits placed with stock exchange and clearing house), they do not meet the criteria for offsetting in the consolidated financial statements since the right to set-off of the recognised amount is only enforceable following an event of default and the Group does not intend to settle the balance on a net basis.

In addition, under the agreements signed between the Group and the customers for dealing in securities, money obligations receivables and payables with the same customer are settled on a net basis. The Group therefore has a legally enforceable right to set-off the trade receivable and payable with the same customer and the Group intends to settle these balances on a net basis.

(a) Financial assets subject to offsetting, enforceable master netting arrangement and similar arrangements

	Amounts due from customers and HKSCC	
	2025 HK\$'000	2024 HK\$'000
Gross amount of recognised financial assets (net of provision for impairment)	96,973	65,294
Gross amount of financial liabilities offset in the consolidated statement of financial position	(5,332)	(12,248)
Net amount of financial assets included in the consolidated statement of financial position as trade receivables	91,641	53,046
Related amounts not offset in the consolidated financial statements – Financial collateral	(61,009)	(26,914)
Net amount	30,632	26,132

(b) Financial liabilities subject to offsetting, enforceable master netting arrangement and similar arrangements

	Amounts due to customers and HKSCC	
	2025 HK\$'000	2024 HK\$'000
Gross amount of recognised financial liabilities	11,779	24,491
Gross amount of financial assets offset in the consolidated statement of financial position	(5,332)	(12,248)
Net amount of financial liabilities included in the consolidated statement of financial position as trade payables	6,447	12,243

Notes to the Consolidated Financial Statements

36. Financial Risk Management

The main risks arising from the Group's financial instruments in the normal course of Group's business are credit risk, interest rate risk and liquidity risk. These risks are managed according to the Group's financial management policies and practices described below.

(a) Credit risk

Credit risk arises when a counterparty is unable or unwilling to meet a commitment that it has entered into with the Group. The Group's credit risk is primarily attributable to its trade receivables and loans receivable from customers and bank balances. The maximum exposure to credit risk of the Group's financial assets at the end of the reporting period is their carrying amounts.

In order to minimise credit risk, management, including responsible officers of the regulated activities, compile credit and risk management policies, approve credit limits and determine debt recovery action on those delinquent receivables.

In respect of the securities dealing and margin financing businesses, the Group's credit risk exposure is spread over a number of customers. As at 31 December 2025, the Group had certain concentration of credit risk as 22% (2024: 38%) of the trade receivables was due from the Group's largest client (in terms of net receivable balances). To reduce credit risk, the Group requests collateral from individual margin client and the value of such collateral has to be maintained at certain level in proportion to the outstanding balance due from the margin client (collateral ratio). In addition, the Group has formulated certain credit policy procedures for monitoring trading activities and level of securities collateral of margin clients in particular for those margin clients whose collateral ratio has reached alarming level. The Group has also implemented procedures for monitoring the value of the securities collateral, including assessing the quality and liquidity of the securities collateral, closely monitoring the volatility of the market prices of the securities collateral taking into consideration of their current market prices and historical price movements, latest information and news of the related listed companies and other relevant factors regarding the financial market that may have impact on the market prices of the securities collateral.

The credit risk of trade receivables due from the clearing house is considered to be minimal.

In respect of the money lending business, the Group's credit risk exposure is spread over a number of borrowers. As at 31 December 2025, the Group had certain concentration risk as 43% (2024: 36%) of loans receivable was due from the Group's largest borrower (in terms of net loans receivable balances). In granting loans to customers, management assesses the background and financial condition of the customers and requests securities collateral or other types of collateral from the customers in order to minimise credit risk. If applicable, management monitors the collateral ratio of borrowers on an on-going basis and would request borrowers to increase the value of collateral should the need arise.

Monitoring of credit risk on trade receivables and loans receivable is performed by the management on an on-going basis.

The credit risk on bank balances and trust bank balances held on behalf of customers is considered to be low as the counterparties are reputable banks or financial institutions.

Notes to the Consolidated Financial Statements

36. Financial Risk Management (continued)

(a) Credit risk (continued)

Impairment under ECL model

As disclosed in note 2(g)(ii), the Group applies simplified approach to measure ECL on trade receivables due from cash clients and clearing house; and general approach to measure ECL on trade receivables due from margin clients, loans receivable, deposits, trust bank balances held on behalf of customers and cash and bank balances. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, the Group applies the "3-stage" impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

- Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.
- Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECL for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECL whereas the ECL for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECL.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment, including forward-looking information.

In determining the significant increase in credit risk of trade receivables due from margin clients and loans receivable, the Group would consider if there are significant changes in the behavior of the margin clients or borrowers including changes in their payment status and changes in responsiveness of the customers to the margin calls or similar request of the Group. In addition, the Group would consider the collateral ratio. In particular, the Group assesses if there is significant changes in the value of the collateral securing the trade receivables of the margin clients or the loans receivable. The decline in value of the collateral being market securities may result in greater incentive of the margin clients to default their margin loans and loans receivable. Apart from these, the Group would consider for those global and local political and economic conditions which would have significant impact on the financial market of Hong Kong that are expected to cause a significant change in margin clients' or borrowers' ability to meet their debt obligations.

A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred which include significant financial difficulty of the debtors; collateral ratio of the relevant trade receivable or loan receivable exceeding the Group's tolerable level; significant decrease in the value of collateral and failure to make up shortfall upon margin call or similar request of the Group within a certain time frame. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Consolidated Financial Statements

36. Financial Risk Management (continued)

(a) Credit risk (continued)

Impairment under ECL model (continued)

For trade receivables due from margin clients, the Group rebuts the presumption that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due and that financial assets are credit-impaired when they are more than 90 days past due as management considers that the probability of default for securities-backed loans is highly correlated to the collateral value rather than the past due days.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical information such as behaviour of customers and changes in value of the collateral, credit rating of customers where applicable, and adjusted for forward-looking information through the use of financial market analysis and individual stock analysis.

Movements in the loss allowance for trade receivables due from margin clients and loans receivable for the year ended 31 December 2025 and 2024 are as follows:

Loss allowance for trade receivables due from margin clients

	Life-time ECL			Total HK\$'000
	12-month ECL (Stage 1) HK\$'000	Not credit- impaired (Stage 2) HK\$'000	Credit- impaired (Stage 3) HK\$'000	
At 1 January 2024	–	–	59,008	59,008
Increase in allowance, net	–	2,366	6,783	9,149
Unwinding of discount	–	–	4,781	4,781
Amount written off as uncollectible	–	–	(46,560)	(46,560)
At 31 December 2024 and 1 January 2025	–	2,366	24,012	26,378
Transfer from stage 2 to stage 3	–	(264)	264	–
Increase in allowance, net	–	2,645	2,891	5,536
Amount written off as uncollectible	–	–	(17,653)	(17,653)
At 31 December 2025	–	4,747	9,514	14,261
Gross carrying amount:				
Trade receivables as at 31 December 2025	45,902	46,801	9,514	102,217
Trade receivables as at 31 December 2024	681	52,062	24,012	76,755
Market value of securities collateral as at 31 December 2025	173,005	15,157	–	188,162
Market value of securities collateral as at 31 December 2024	2,933	27,111	–	30,044

Notes to the Consolidated Financial Statements

36. Financial Risk Management (continued)

(a) Credit risk (continued)

Impairment under ECL model (continued)

Loss allowance for loans receivable

	Life-time ECL			Total HK\$'000
	12-month ECL (Stage 1) HK\$'000	Not credit- impaired (Stage 2) HK\$'000	Credit- impaired (Stage 3) HK\$'000	
At 1 January 2024	–	–	63,108	63,108
Increase in allowance, net	–	1,919	9,832	11,751
Unwinding of discount	–	–	2,985	2,985
Amount written off as uncollectible	–	–	(51,177)	(51,177)
At 31 December 2024 and 1 January 2025	–	1,919	24,748	26,667
Transfer between stage 2 to stage 3	–	(1,919)	1,919	–
Increase in allowance, net	239	–	4,205	4,444
Unwinding of discount	–	–	644	644
Amount written off as uncollectible	–	–	(24,748)	(24,748)
At 31 December 2025	239	–	6,768	7,007
Gross carrying amount: Loans receivable as at 31 December 2025	23,889	–	24,748	48,657
Loans receivable as at 31 December 2024	30,477	19,191	24,748	74,416
Collateral value as at 31 December 2025	–	–	18,000	18,000
Collateral value as at 31 December 2024	17,100	–	–	17,100

Impairment losses for lifetime ECL were provided for trade receivables due from margin clients and loans receivable for which there were significant increase in credit risk since initial recognition and they were mainly due from (i) those margin clients and borrowers whose collateral ratio reached alarming ratio or even exceeded the Group's tolerable level and (ii) those margin clients and borrowers without any securities collateral after liquidation action taken by the Group.

As at 31 December 2025 and 2024, collateral for trade receivables are the securities of small to medium-sized companies listed in Hong Kong. Those securities are less liquid and more volatile in respect of their value, which have been taken into consideration in arriving at the measurement of ECL.

Notes to the Consolidated Financial Statements

36. Financial Risk Management (continued)

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from trade receivables, loans receivable and bank balances. Trade receivables, loans receivable and lease liabilities carrying interest at fixed rates expose the Group to fair value interest rate risk while bank balances carrying interest at variable rates expose the Group to cash flow interest rate risk.

Details of the Group's lease liabilities as at 31 December 2025 are disclosed in note 23.

The directors of the Company consider the Group's cash flow interest rate risk on bank balances is not significant due to low level of deposit interest rate.

The Group currently does not have an interest rate hedging policy. However, management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group did not have any floating rate borrowings as at 31 December 2025 and 2024 and accordingly, no sensitivity analysis on interest rate exposure is presented.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and other payables and its financing obligations, and also in respect of its cash flow management. In addition, a subsidiary of the Company is regulated by SFC and is subject to certain requirements under the Securities and Futures (Financial Resources) Rules and accordingly, the Group has to monitor the liquidity of this subsidiary to ensure compliance with the relevant rules. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

Notes to the Consolidated Financial Statements

36. Financial Risk Management (continued)

(c) Liquidity risk (continued)

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within one year or on demand HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000
As at 31 December 2025					
Trade payables	6,447	6,447	6,447	-	-
Other payables and accruals	1,247	1,247	1,247	-	-
Lease liabilities	1,858	1,990	796	796	398
	9,552	9,684	8,490	796	398
As at 31 December 2024					
Trade payables	12,243	12,243	12,243	-	-
Other payables and accruals	3,245	3,245	3,245	-	-
	15,488	15,488	15,488	-	-

37. Capital Commitments

As at 31 December 2024, the Group's share of the capital commitments, made jointly with another investor for the new entity as set out in note 19, amounted to HK\$3,600,000. These commitments, which relate to contributing funds for the working capital of the new entity, were not recognised as at 31 December 2024.

In the year ended 31 December 2025, the new entity has been incorporated and further funds were contributed. The remaining commitment has been recognised as at the end of the reporting period.

5 Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements in this annual report and prior year financial statements are as follows:

Results

	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	28,435	25,500	20,224	19,471	24,973
Other income	1,794	332	65	88	44
Commission and fee expenses	(1,515)	(743)	(719)	–	–
Employee benefit expenses	(8,588)	(6,950)	(8,911)	(10,107)	(9,309)
Depreciation	(355)	(619)	(974)	(1,033)	(1,953)
Impairment losses on trade and loans receivables, net	(9,980)	(20,900)	(28,012)	(49,568)	(12,499)
Loss from write off of trade and loans receivables	(1,769)	(16,153)	–	–	–
Other operating expenses	(19,390)	(11,747)	(5,113)	(7,107)	(6,295)
Share of losses of associates	(109)	–	–	–	–
Finance costs	(54)	(9)	(49)	(89)	(67)
Loss before income tax	(11,531)	(31,289)	(23,489)	(48,345)	(5,106)
Income tax (expense)/credit	(5,807)	(377)	(899)	6,875	173
Loss for the year	(17,338)	(31,666)	(24,388)	(41,470)	(4,933)
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	(17,338)	(31,666)	(24,388)	(41,470)	(4,933)

Asset and liabilities

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	208,862	154,872	176,014	169,942	199,300
Total liabilities	(13,207)	(16,500)	(5,976)	(5,466)	(7,577)
Net assets	195,655	138,372	170,038	164,476	191,723

